Chapter 4 Review: Public goods: John

Readings: • Rosen: Chapter 4 all

Outline

I. Overview of Public Goods
   A. Definition
   B. Caveats & Shades of Gray
   C. The problem with public goods

II. Mechanical Analysis of Public goods

III. How Government Can & Does Actually Provide Public Goods
   A. Private sector may provide some public goods
   B. Production can be either public or private (funded by govt)
      1. why go with the private sector production
      2. why go with government production?

IV. Education “Lump-sum” provision of a “public good” vs. vouchers
   A. Is Education a Public Good?
   B. Current system
   C. Charter Schools
   D. School Vouchers
      1. Arguments for vouchers
      2. Arguments against vouchers
      3. Arguments that can go either way
      4. Where have they been tried?
      5. How do they work?
      6. Do they take money away from public schools?
      7. Graphical analysis

Discussion Questions from the Text (p. 75 - 76)

1, 2, 3, 5

Other Problems

1. Light houses have traditionally been a classic example of a public good. Describe some developments (hypothetical or actual) which would make light houses no longer a public good. Note: In answering this question you need to explicitly define/explain what a public good is, how lighthouses traditionally have met this definition, and why (after the developments you described) they no longer meet the definition.
2. Graphically (or some other mechanical means) derive and explain the social efficiency conditions for provision of a public good. Explain what the private sector likely to do when it comes to provision of public goods.

3. Analyze the current system through which the government provides (primary and secondary) education in the U.S. In what ways might this system be advancing the goal of providing higher levels of education? In what ways might this system be retarding the goal of providing higher levels of education?

4. Ahhh, its almost the weekend! Nothing like kicking back with a cold beer and a good indifference curve! Start your weekend celebration early by doing the following:
   • Analyze school voucher systems mechanically. i.e. Use formulas and/or graphical analysis. How do vouchers compare to the current system of education provision? What are some difficulties, flaws, or missing details in your mechanical analysis?

5. Describe a typical school voucher system. Intuitively, i.e. without (a lot of) equations or graph discuss arguments for and against vouchers. What are some other considerations that have arisen affecting existing voucher systems and proposed voucher systems?