Public Goods

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Capitalism is inherently corrupt. Capitalism by its very definition and nature will not only deprive a class (the poor) of the necessities of life, but will also actually create more needy people in its natural and voracious quest to deliver wealth to the privileged class. So, decent governments use their power to ensure that capitalism, or any other economic structure, is not allowed to take every bit of wealth for the privileged few, leaving nothing at all for anyone else. If the government did not take such measures then, regardless of what the economic structure of a country is based upon, the wealthy class will always end up with all of the wealth, leaving the rest of the people impoverished(Hyman, 2014). There is absolutely no economic model anywhere that will produce any other result, in the absence of government intervention. The government provides public goods and services because people find such activities produce positive results for the whole society. The words “promote the general welfare” come to mind. Some economists are of the view that there are laws specifically forbidding the government from providing goods which can be provided by the private sector.

Insufficient demand for the public goods isn't generally the reason they're not provided. Public goods are non-excludable (if the good is provided, I can't keep you from using them) and non-rival (if the good is provided, my use doesn't preclude you from using it). What this means is that the producers of public goods have a hard time capturing any of the gains from its provision, which means producers will have a hard time covering their costs of production. This implies that public goods are likely to be under-provided. As far as the supply of public goods is concerned; the government can influence the supply in myriad ways. Its government’s prerogative to decide whether or not to impose any quotas which can reduce the supply of imports significantly. They can introduce subsidies, cash (land or other valuable considerations) to producers. They can make regulations so arduous that some producers would shut down their businesses or decide to diversify their business (Hyman, 2014). The government can also levy a duty to control demand, which compels the market forces to dry up their supply. They can restrict the time or season or quality of a product that can be offered for sale, or make it outright illegal to sell it, at least to certain people (Hyman, 2014). This might drive some of the supply underground to the black market, but the supply will still be much less than if it were still legal. Examples include liquor during prohibition and sub-machine guns.

The practical applications are in evaluating broad categories of voting systems. Arrow’s Impossibility Theorem proves that ranked-order voting systems must always violate at least one of the fairness criteria it delineates (Fishburn, 1970). The practical consequence of this is that voting systems that are not ranked-order should be explored. For example, cardinal voting systems (where voters give each candidate a score) can satisfy all of Arrow’s criteria. Range voting is a cardinal voting system. According to Arrow’s Impossibility Theorem, it matters who is the chairperson of any government entity or public department even if the chairman has no voting power (Fishburn, 1970). The chairman can first ask the group to vote on an alternative, let’s say A or B, and then vote between the winner in the first round and alternative C. There is also a possibility that the chairman may decide to first ask for a vote between alternatives B and C, and then a vote between the winner and alternative A. The order of this voting would not matter for an individual who is rational. However, even if all members of a committee are rational decision makes, the order of the question may matter for which alternative wins in the committee. Likewise, the chairman may include an otherwise irrelevant alternative in voting, and this may affect the outcome of the group decision making.

**References**

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