

Module 9: Economics

Topic 3 Content: Public Goods and Services

Introduction

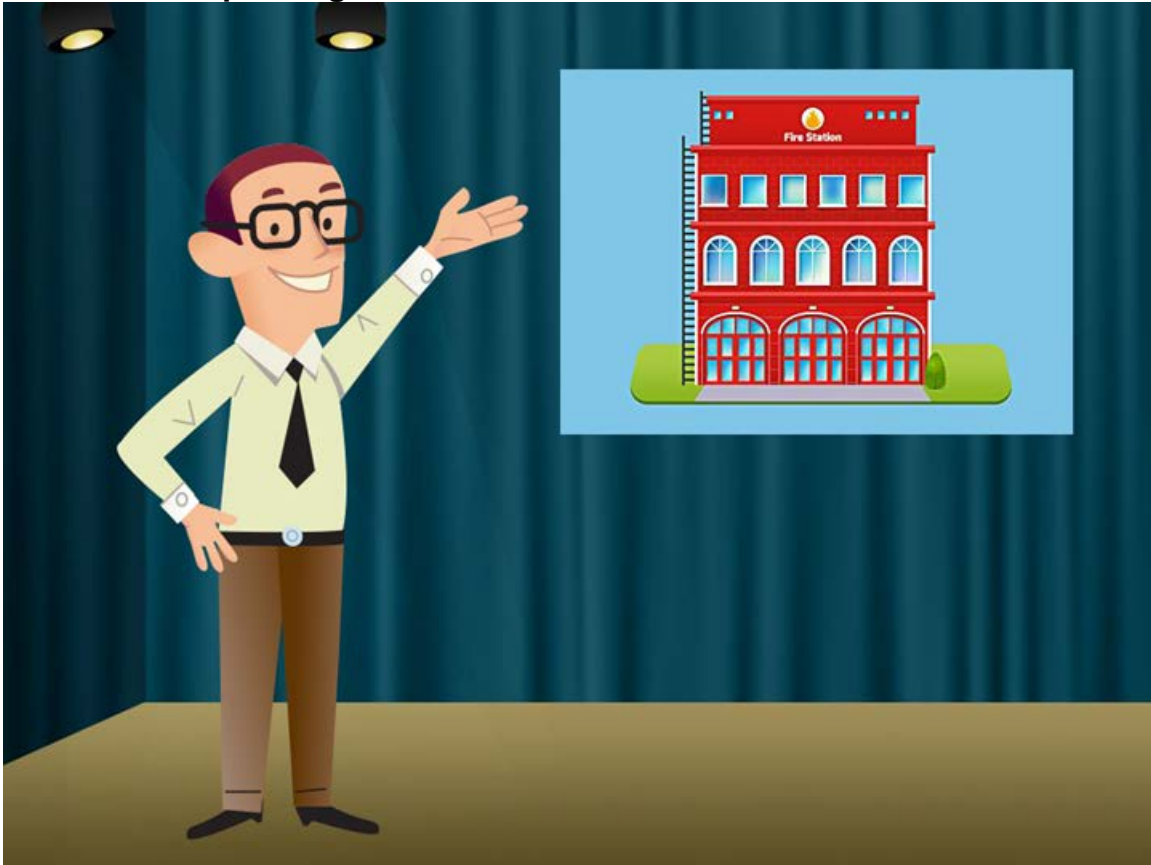


Demi Tracy: According to the Office of Management and Budget, the federal government spent approximately 3.84 trillion dollars in 2015. This is an enormous amount of money. Where does all of this money go? Our financial analyst is here to answer this question.

Module 9: Economics

Topic 3 Content: Public Goods and Services

Government Spending



Cain S. Hayek: Do you think it is important for the government to provide health care to its elderly citizens? Should the government provide a free public education to its young citizens? Do we need a fire department? How about a police department? Is it really necessary for the U.S. to have a military? If you answered yes to any of these questions, you understand the need for public goods and services.

Module 9: Economics
Topic 3 Content: Public Goods and Services

Public Goods and Services

Public Goods and Services

- Paid for by the government, using taxes and/or fees
- May be used or consumed by more than one person at a time
- Access cannot be restricted to only those who have paid to use it

SCHOOL

Next

The illustration shows a yellow school bus on a road in front of a large yellow school building with a clock tower. A black text box with white text is overlaid on the left side of the image. A black arrow with the word 'Next' is on the right side of the image.

Cain S. Hayek: Public goods and services, also known as collective goods and services, are funded by the government with the revenue earned through taxation and other fees. Many of us could not afford to pay for all of the public services we use; however, as a society, we understand that many of these public goods are necessary and benefit all of us. There are three simple guidelines that define a government-funded public good or service:

- it is paid for by the government using taxes and/or fees;
- it may be used or consumed by more than one person at a time; and
- access cannot be restricted to only those who have paid to use it.

Module 9: Economics
Topic 3 Content: Public Goods and Services

Public Goods and Services II

Types of Goods and Services

1. Services that enrich society

Examples: public schools, national parks, fireworks

2. Public health and safety services

Medicare, fire and rescue, military

3. Infrastructure

building a road, maintaining a bridge

Cain S. Hayek: To help illustrate this, think about a fireworks display on the Fourth of July. Who paid for the fireworks? Most likely, the funding came from your local or state government, which earned the funds by taxing its citizens. The fireworks display can be enjoyed by the entire community simultaneously, and cannot be restricted to only those who have paid for it. For example, a tourist visiting your town is allowed to watch the fireworks, just as a tax-paying resident can.

Government-funded public goods and services can be broken down into three categories:

- services that enrich or better society, such as public schools, national parks, or fireworks;
- public health and safety services, like Medicare, fire and rescue services, or the military;
- and
- infrastructure, which refers to the building of a road or the maintenance of a bridge.

Module 9: Economics
Topic 3 Content: Public Goods and Services

Conclusion



Cain S. Hayek: As you can see, these public goods and services benefit many of us, and would be unavailable if we had to provide them individually. When these services are provided by the government, they not only benefit everyone, but are performed more efficiently in many cases. Public goods and services also help promote economic equality, by allowing all citizens equal access to education, health care, and other important necessities. That's all I have for you today. Thanks for having me.

Module 9: Economics
Topic 3 Content: Public Goods and Services

Ending of Episode



Demi Tracy: Thanks again, Cain. We hope our viewers enjoyed this episode of WUSG News. I'm Demi Tracy, and this is Glover Mint. Thanks for watching.