ECONOMICS OF THE PUBLIC SECTOR
Anna Rubinchik-Pessach

General Info
• The class meets 1:00 - 1:50 MWF in HUMN 125
• Prerequisites: Intermediate Microeconomics (Econ 3070)
• Please, read your CU e-mail.

Economics of Public Sector
What is Public Sector?
What is Public Finance?

Group (Collective) Decisions About Managing Collective Funds
• TAXATION: How to raise money?
• REVENUE SYSTEM: How to spend the money?
• POLITICAL ECONOMY: How to decide collectively?
### Why have a government?
- “Market failure”: existence of public goods and externalities
- “Social insurance”: redistribution

### Normative versus Positive Approach
- **NORMATIVE.** What “should” a government do?
- **POSITIVE.** What is the actual economic policy that governments implement?