

Debunking public vs. private sector myths

[Literature](#), [Russian Literature](#)



Question a,

The statement is false. Previously, the American system offers people from all background the same opportunities in education and career advancement. This implies that the future of a person is not solely dependent on the parent's financial power. A person from a poor background has the opportunity to advance both economically and socially by exploring the different opportunities that the country offers. It has been observed previously that the immigrants who have come to America actually live a better life than the one they had in their home countries. The situation has changed today and the Americans experience less economic mobility than before. Today, a farmer son is more likely to become a farmer than go into a more advanced professional careers. This situation has been caused by escalating college costs limiting the number of people who get a chance to go to college. College today has become a major investment (Slemrod, 252). With the rising costs of living more people who are willing to enter college are unable to do so or drop out before finishing their course. The middle earners have been mostly affected compared to other classes.

Question b,

True. Markets can fail due to a number of reasons which results in the value of goods produced being lower than the value of goods unproduced. There are four types of market failures which include public goods, externalities, imperfect information and market control. Public good market failure occurs because the non-paying consumers cannot be excluded from consumption. Because of the large number of non-payers, the value of the goods produced reduces (Mazzucato, 65). Market failure from market control arises due to

limited completion among the suppliers and this affects the demand and supply price. Externalities can also cause market failure by making the demand and supply price not to reflect the cost of production. Imperfect information also causes the supply price and demand price to be in disparity. This implies that the market price does not reflect the actual value of the product. It is that it is the key role of the government to address market failures. This is because there are no other interventions that can work to reverse market failures. The government can intervene by either direct government involvement in terms of production or provision in case of public goods (Slemrod, 321). In other forms of market failure the government can intervene implementing laws and regulation to regulate misinformation of externality effects and market control in case limited competition.

Question c

True. This is because the drivers of economy are the people and businesses can only thrive if they meet the needs of their client. According to an economist, the needs of the customers come first. The government which is elected by the people should always put the needs of the electorate first.

Question d

True. This is because although one of the unemployed may not be looking for work, the levels of unemployment are very high. The available jobs are not enough for every person to get a job(Mazzucato, 28). This implies that if all unemployed people decided to look for employment, only a small percentage would be lucky to get a job.

Question e

True. This is because the tax system is only progressive among the wage

income earners but the progressivity decreases with increase in income. This is because the tax is based on income and it increases with increase of income up to a certain level where the money earned above the threshold is taxed in terms of a certain percentage.

Work Cited

Mazzucato, Marian. The entrepreneurial state : debunking public vs. private sector myths. London: Anthem Press, 2013.

Slemrod, Joel. Tax Progressivity and Income Inequality. Cambridge: Cambridge University Press, 2008. Print.