
The macro-economic analysis of public goods and their influence in the region of Czech Republic

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Abstract

In the region of Czech Republic, the provision of public goods is one of the State's most important activities with society-wide impacts. Therefore, the debate on the structure and scope of public budgets is legitimate and ongoing on a society-wide scale. Mainstream fiscal theory considers public goods to be one of the failures of market equilibrium, classifying them as being close to positive externalities. In this case, the activity of the State brings benefits to other entities that are not involved in this activity and do not even directly pay for it. The main characteristics of these goods include irreducibility of their amount in society, non-excludability and non-rivalry. There are a number of goods between purely private and purely public goods which, to varying extents, exhibit both elements. Today, the majority of goods provided by the public sector are of such a nature; as a result, the form of allocation and the subsequent redistribution of resources are crucial when analysing public goods. The present paper analyses public goods in the Czech Republic from an economic and legal perspective using Cost-Benefit Analysis, including their efficiency and society-wide benefits.

Keywords: Public goods, public economics, benefit, efficiency, free-rider problem, Cost Benefit Analysis, Czech Republic.

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