

- 4** What is an example of a public good?
- A** A ferry that takes members of the public across a river.
 - B** A fish farm that is owned by the government.
 - C** A fishing boat that is owned by all members of a village.
 - D** A lighthouse that warns boats of dangerous rocks.

- 11** What is a characteristic of a public good?
- A** Households cannot accurately value the benefits of a good.
 - B** Households cannot be excluded from consuming the good.
 - C** The amount of the good available diminishes as households consume it.
 - D** Households are rivals in the consumption of the good.

- 13** What is an example of direct public provision of goods and services?
- A** a charity hospital funded by public donations that offers free treatment to the rural poor
 - B** a mobile government library that travels to rural villages offering access to books
 - C** a private-sector pharmacy that provides treatment directly to the public
 - D** a private school that offers free places to children of low income families

- 3** (a) With the help of examples, explain the nature and characteristics of free goods and private goods (economic goods) **and** consider the significance of the distinction between these two types of good. [8]
- (b) Assess whether education should be classified as a public good or a merit good. [12]

Section C

Answer **one** question.

EITHER

- 3** Which goods are **least** likely to be allocated by market forces in a mixed economy?
- A** hospitals
 - B** railways
 - C** street lighting
 - D** television programmes

- 3** What is a statement of the non-rivalrous nature of public goods?
- A** It is not possible to stop a non-payer from using the product.
 - B** One person consuming the product does not reduce the amount of it available to others.
 - C** People consume too little of the product because they are unaware of its true benefits.
 - D** There is an unlimited supply of the product.
- 13** Why might governments provide free education for children aged 4 to 16 years old?
- A** Consumers are not fully aware of the benefits of education.
 - B** Education in a free market system would be over consumed.
 - C** Education is a public good and there would be many free riders.
 - D** The private costs of education exceed the private benefits in a free market.

- 4** An individual buys a ticket to visit a government-owned art gallery.

How would this visit be classified by an economist?

- A** private and demerit good
- B** private and merit good
- C** public and demerit good
- D** public and merit good