

6.3 Public and Private Goods

Name: _____ Class: _____ Date: _____

Total: 8 marks

Objective

Build the skills to answer exam questions on **public and private goods**.

You must be able to:

- classify goods by **rivalry** 竞争性 and **excludability** 排他性
- distinguish a **private good**, a **public good** 公共物品, a **common resource** 共有资源, and a **club good**
- explain the **free-rider problem** 搭便车问题
- explain the **tragedy of the commons** 公地悲剧

1 Worked examples

Study these first. Each one shows the method for a question type used later.

■ Two properties

- **Rival** —one person's use reduces what is left for others.
- **Excludable** —non-payers can be kept out.

■ Four types

- **Private** —rival and excludable (a sandwich).
- **Public** —non-rival and non-excludable (national defence).
- **Common resource** —rival and non-excludable (ocean fish).
- **Club** —non-rival and excludable (cable TV).

■ Two problems

The **free-rider problem** means markets **underprovide** public goods; the **tragedy of the commons** means common resources are **overused**. Government often steps in.

2 Practice

2.1 Define a public good.

[1]

2.2 State the free-rider problem. [1]

2.3 Give one example of a common resource. [1]

3 Exam-style questions

3.1 A public good is [1]

- A rival and excludable
 - B non-rival and non-excludable
 - C rival and non-excludable
 - D non-rival and excludable
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3.2 The tragedy of the commons is the [1]

- A overuse of a common resource
 - B underuse of a club good
 - C free provision of a private good
 - D effect of a tax
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3.3 National defence protects everyone, and no one can be excluded from it.

(a) Name the type of good. [1]

(b) Name the problem that means markets underprovide it. [1]

(c) State who typically provides it. [1]

4 Go further

- work through the **6.3 Public and Private Goods** lesson on the **Learn** page;

- read the **Market Failure and the Role of Government** section of the AP Microeconomics handout on the **Know** page.

Solutions

2.1 a good that is non-rival and non-excludable.

2.2 people can enjoy a good without paying for it, so too little is provided.

2.3 ocean fish stocks, a public grazing field, or clean air (any one).

3.1 B.

3.2 A.

3.3 (a) a public good. (b) the free-rider problem. (c) the government.