

## 6 Public goods and inequality – Part 2 —Answers

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### Answers

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Work through these after you have tried the questions yourself.

**2.1** it is non-rival (one person's use does not reduce another's) and non-excludable (non-payers cannot be kept out).

**2.2** since non-payers cannot be excluded, people can enjoy it without paying (free-riding), so firms cannot charge for it and under-provide it.

**2.3** any of: national defence, street lighting, a lighthouse.

**2.4** 0 means perfect equality (everyone earns the same); 1 means perfect inequality (one person has all the income).

**2.5** that income is very unequally distributed.