

Assignment 4: Public Goods

ECON 22060

In the fourth assignment, you are asked to identify a good that you have used in the past month that is either a public good, common resource or artificially scarce. You should explain why the good is the type you believe it to be by explaining if it is rival or non-rival and excludable or non-excludable in consumption. Briefly discuss who provides this good, especially distinguishing between government provision and private, market provision. Also, you should mention if this good is likely to face the problem of free riders and why. You should avoid using an example from class.

For example, I could use going to the movie theater. Assuming the theater isn't completely full, then seeing a movie is likely non-rival; me watching the movie doesn't prevent someone else from doing so. Because I have to buy a ticket for the movies, and only those with tickets are allowed to watch, the movie is excludable; the theater can prevent someone from seeing it if they don't pay. A non-rival, excludable good is an artificially scarce good. I would then mention that this good is provided privately and that it is not likely to face a free rider problem, and why those things are the case.

Key elements of the assignment:

1. Find a recent good that you have experience with.
2. Identify what kind of good it is.
3. Explain why the characteristics of the good make it that type.
4. Explain who provides this good.
5. Discuss if your good is likely to have a lot of free riders.

10 pt. Model Response:

I recently watched a video on YouTube, which I believe is a public good. Public goods are defined as non-rival and non-excludable. A YouTube video is available to everyone once it's published to the site, other than certain videos which are blocked in some countries or restricted by age, so the video probably best fits the category of a non-excludable good. The video millions of views, and many other people across the world were probably watching it at the same time, so the video is best described as non-rival.

Currently, most videos are provided by the market, although anyone is free to make one. The video I watched was provided by an individual in the market, not by any government or central agency. It was made possible by Patreon supporters, who are people who donate money to support artists and creators. Videos are interesting because although many people watch the video without paying for it themselves, which would make them free riders, the revenue structure is such that whenever someone watches it, the creator receives a small bit of money from advertisers. This way, even though there are many free riders in the viewing audience, it actually isn't a problem in this market because of the advertising revenue helping to pay for the video.

Rubric for Peer Evaluation:

10 points: The submitter clearly chose a good that is recent and that they have reasonably interacted with. They explain, correctly, what type of good it is by explaining if it is rival or non-rival and excludable and non-excludable. The submitter describes who is currently providing the good and discusses free-riders in relation to the good. The writing is clear and they use full sentences to answer the assignment.

9 points: Either the submitter chose a good that is not recent or that they have reasonably interacted with. They explain, correctly, what type of good it is by explaining if it is rival or non-rival and excludable and non-excludable. The submitter describes who is currently providing the good and discusses free-riders in relation to the good. The writing is clear and they use full sentences to answer the assignment.

8 points: The submitter clearly identifies a good. They explain what type of good it is by explaining if it is rival or non-rival and excludable and non-excludable, but may get some part of this analysis incorrect, such as claiming it is rival when it is actually not rival or come to the wrong conclusion about that type of good it is. The submitter describes who is currently providing the good and discusses free-riders in relation to the good. The writing is understandable and they use full sentences to answer the assignment.

7 points: The submitter clearly identifies a good. They explain what type of good it is but get a large part of this analysis incorrect, such as incorrectly identifying the good's type or not mentioning if it is rival or non-rival and excludable or non-excludable. The submitter forgets to either describe who is currently providing the good or discuss free-riders in relation to the good. The writing is mostly understandable and they use full sentences to answer the assignment.

6 points: The submitter identifies a good, or at least attempts to. They explain what type of good it is but gets most of this analysis incorrect, such as incorrectly identifying the goods and not mentioning if it is rival or non-rival and excludable or non-excludable. The submitter forgets to either describe who is currently providing the good or discuss free-riders in relation to the good. The writing is mostly understandable and they use full sentences to answer the assignment.

5 points: The submitter made an attempt to answer the assignment, but was entirely incorrect or forgot to answer major parts of the assignment.

0-4: The submitter did not make an honest attempt to answer the assignment. A 0 will represent no effort while a 4 represents effort but completely off topic.

	Rival in consumption	Nonrival in consumption
Excludable	Private goods <ul style="list-style-type: none">• Wheat• Bathroom fixtures	Artificially scarce goods <ul style="list-style-type: none">• Pay-per-view movies• Computer software
Non-excludable	Common resources <ul style="list-style-type: none">• Clean water• Biodiversity	Public goods <ul style="list-style-type: none">• Public sanitation• National defense