

Learning Objectives

Chapter 11

In this chapter you will

- Learn the defining characteristics of public goods and common resources
- Examine why private markets fail to provide public goods
- Consider some of the important public goods in our economy
- See why the cost-benefit analysis of public goods is both necessary and difficult
- Examine why people tend to use common resources too much
- Consider some of the important common resources in our economy

You should be able to

- Classify goods into the categories of public goods, private goods, common resources, or goods produced by a natural monopoly
- Explain why production of public goods is unprofitable to private industry
- Explain the public good nature of cases such as national defence and justice
- Explain why surveys to determine the benefits of public goods are a less precise valuation of benefits than prices of private goods
- Tell the story of the "tragedy of the commons"
- Explain why fish and wildlife are common resources