

Quick start

If I consume good #1,
can you also?

If I consume good #2,
can you also?



Private Goods

- Excludable
- Firms can exclude people who don't pay
- Rival consumption
- A person's consumption affects others' consumption



Public Goods

- Goods that are both **non-excludable** and **non-rivalled** in consumption



Free Rider Problem

- Free rider: a person who does not pay for, but does benefit from a public good

How does society pay for public goods?

Taxes

User fees



Other types of goods

- Common goods:
rival consumption, non-excludable



Other types of goods

- Club goods: non-rivalled consumption, excludable

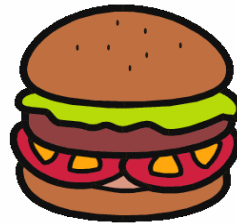


Excludable

Non-excludable

Rivalled
Consumption

Private Goods
For example:
food



Common Goods
EX: Open ocean fishing



Non-Rivalled
Consumption

Club goods
EX: Golf Course,
movie theatre



Public goods
EX: National Defense



Excludable? Rivalled?



Excludable? Rivalable?

The screenshot shows the Myspace.com homepage with a blue header. The logo "myspace.com. a place for friends" is on the left. On the right, there are links for "Help | SignOut", a search bar, and "The Web" with radio buttons for "MySpace" (selected) and "Search". A secondary navigation bar contains links: Home | Browse | Search | Invite | Film | Mail | Blog | Favorites | Forum | Groups | Events | Videos | Music | Classifieds.

Below the navigation bar is a grid of category links: Blogs, Classifieds, Games, Music Videos, Browse, Filmmakers, Groups, Schools, Chat Rooms, Forums, Music, Videos.

The main content area features several sections:

- MySpace Music**: A large section with a "Tune In Now!" header and a list of links: Local Shows, Music Forums, Music Classifieds, Top Artists, Secret Shows, and MySpace Records. A link "Check Out MySpace Music!" is at the bottom.
- Cool New People**: A section with three profile pictures labeled LAURA, Aaron, and Sabrina.
- MySpace Music**: A smaller section with a "[more music]" link.
- Tellison**: A band profile with a photo of the band, the text "Indie / Rock / Alternative London, UK", a description of their sound, and a "Listen Now" link.
- Videos**: A section with a "[more videos]" link, a video thumbnail of a dog on a skateboard, the title "Skateboarding Dog", a description, and a "Watch it Now!" link.