**RWS#9: Market Failure #4 –**

**Public Good Theory**

**Due for: First lesson – due for Tuesday 14th May 2019**

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| **GENERAL INSTRUCTIONS:**  *Please complete a revision worksheet summarizing the work from the last two weeks. The work should be taking you* ***up to 2 hours*** *to complete and should consist of a 1 A4 double paged summary based on the questions below. Please print out a double sided version to be handed in and marked on the date above (emails will not be accepted so make sure you are printing off your sheet before the lesson).*  *Remember to use all of the space over your two sides of A4 and make sure the ‘margins’ in Word are put as ‘narrow’. Feel free to reduce the size of the font if you are running out of space but nothing less than size 10. A better way to reduce would be to reread what you have written and try to be more succinct; it must fit onto two sides of A4 only!*  *You should be reading and using all the compulsory resources below (remember you will have already read an awful lot of these for homework and in class but there are a few extras I want you to read.*  *This revision worksheet should be taking you 2.5 hours…I suggest you spend 45 minutes writing up all your notes from class into a rough draft. Then, spend the next hour reading any extra information or clarifying concepts if you do not understand them. Then use the final 45 minutes to edit the work, make it look pretty and print it off.*  *REMEMBER THAT IF YOU DO NOT HAVE A PRINTER AT HOME YOU MUST FIND TIME BEFORE THE LESSON TO PRINT IT OFF AT COLLEGE*  *ALSO MAKE SURE THAT AS WELL AS STORING A COPY ON A MEMORY STICK, YOU ALSO EMAIL YOURSELF SO THERE CAN BE NO COMPUTER ISSUES WHEN IT COMES TO PRINTING OFF YOUR WORK* |
| **SOURCES**  **Compulsory**   * Course Textbook for the Second Year (You can download this as an ebook or read it online): Pages 141 to 143; 148 to 149 and 155 to 157   + LINK 1: Click on this link - <https://www.dawsonera.com/abstract/9781471829864>   + LINK 2: If the link above does not work, goto the ILC page on GOL OR click on <https://online.godalming.ac.uk/course/view.php?id=37> . Click on DAWSONERA box and accept terms and conditions. Write “AQA A-level Economics Book 2 Powell” into the search engine. * Class and PREP homework notes (in your bag!) including department worksheets (available on GOL). Remember to include the PREP work from Easter as well. * See the powerpoint slides on GOL for access to my notes and the videos of these two diagrams. * ARTICLES:   + Road Pricing Reading – pp 148 to 149 of your textbook (MUST READ)   + London Congestion Charge - <http://www.bbc.co.uk/news/uk-england-london-21451245>   **EXTENSION (IF YOU HAVE TIME, TRY TO READ OR WATCH THESE)**  Economics Help Website  Tutor2U Website  **ALL OF THESE RESOURCES CAN BE FOUND ON GODALMING ONLINE – ANY ISSUES, EMAIL OLLY on** [**ods@godalming.ac.uk**](mailto:ods@godalming.ac.uk) |

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| **SPECIFIC INSTRUCTIONS:**  **TITLE: RWS9 – Market Failure #4: Public Good Theory**  **The Concept of Public Goods (1/2 side of A4)**   * What is the difference between private goods and public goods (explain rivalry and excludability concepts)? * Explain why goods such as streetlighting and a nuclear deterrent are considered to be public goods whereas apples and cars are considered to be private goods? * Explain why the market fails if there are pure public goods? (use words like ‘full market failure’ and ‘missing markets’) * What are ‘quasi public goods’? Use two examples to illustrate your answer. * Using the concept of ‘technology’, explain why some may argue that pure public goods do not really exist? * How can the Government solve the market failure of a pure public good and what might be the Government Failures?   **Property Rights and the ‘Tragedy of the Commons’ (1/2 side of A4)**   * What are property rights and why are they important to the functioning of the market? * Using the case study of over fishing, explain what the ‘tragedy of the commons’ is. * Explain Coases’ Theorem and explain why it would work in theory and why in reality it would be hard to accomplish (refer to concept of ‘transaction costs’) in terms of the overfishing issue in the documentary you watched. * How might the Government solve the problem of ‘overfishing’ – state two possible interventions, explain why they would work and why they wouldn’t (Government Failure). yOu can use the examples in the documentary or your own examples.   **Flood Defences Case Study – Pure Public Good? (1/2 side of A4)**   * Provide a brief timeline of flooding incidents in the UK and explain some of the costs of flooding * Using the concept of public goods, explain why there might be a market failure in terms of the provision of flood defences? * Evaluate this argument - why might the market not be failing as much? * How have the Government intervened? To what extent has it been a success (remember to flag the success of intervention as well as the possible Government failures * Is the flooding of key areas of the UK a market failure or Government failure in your view? Justify your answer.   **Road Congestion Case Study – Quasi Public Good? (1/2 side of A4)**   * Provide an overview of the problem of road congestion in the UK – what are the costs involved? * How might we argue that road congestion is a market failure using public good theory (especially the quasi public good theory!)…. * Evaluate whether the market might not be failing so much? Think about technological advances * Evaluate how the Government might intervene and whether they might fail using ‘road pricing’? Use the London Congestion Charge as an example. * What is the ‘road miles allowance plan’ recently suggested by Edmund King (the boss of AA) and how does this tie in with the concept of ‘property rights’? |