**RWS9: Market Failure**

**Public Goods**

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| **GENERAL INSTRUCTIONS:**  *Please complete a revision worksheet summarising the work covered recently. 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.*  *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 resources below* |
| **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 * ARTICLES:   + Road Pricing Reading – pp 148 to 149 of your textbook   + 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 |

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| **SPECIFIC INSTRUCTIONS:**  **TITLE: RWS9 – Market Failure: Public Goods**  **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. * 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).   **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’? |