Public Goods

A taxonomy of goods

Public goods are mutually simultaneously consumable.

Private goods – mutually excludible (food – you cannot eat food twice, t-shirt, chair)

This taxonomy of goods describes the nature of goods that humans have no control over what so ever.

Consumption by humans can be classified as legal, philosophical, anthropological, religious.

Common Access Property Problem in Economics

Is pure price theory of public expenditures.

When good is public we get underproduction of it and economic inefficiency.

“Free rider problem” is individual who does not want something.
Private goods

Market Demand - horizontal summation of 2

Public goods

Pm = P1 + P2