

Microeconomics, Module 19, "Common property and public goods" (chapter 14)

*Required reading for seventh edition:*

(The attached PDF file has better formatting.)

Updated: November 21, 2007

{The Landsburg textbook is excellent. We say to read certain sections and to skip others. This does not mean that certain sections are better; it means that the homework assignments and exam problems are based on the sections that you must read for this course. Some of the skipped sections are fascinating, but they are not tested.}

Read section 14.1 on pages 455-459, skip the box in the middle of page 459, and read the section "Property Rights" on pages 459-460. The final exam tests the two tables on pages 458 and 459 (page 458: "crowd size, value of a visit, and social marginal benefit; page 459: admission fee, crowd size, and social gain).

Read the sub-section "It Can Pay to Be Different" on pages 460-462 to understand how tastes affect this subject. The analysis at the beginning of the chapter may not apply if consumers have different tastes.

Read section 14.2, "public goods," on pages 463-466; skip "Schemes for Eliciting Information" on pages 467-467. Focus on the two types of market failure, non-excludability and non-rivalry, on page 464.

Work through problems 1 and 2 on pages 470 and 471; these are good practice for the final exam questions.