

Microeconomics, Module 19, "Common Property and Public Goods" (Chapter 14)

Common Property: Intuition

(The attached PDF file has better formatting.)

Question: Landsburg says that common property has no value. Yet we see many instances of common property which are enjoyed by visitors. A public zoo has the characteristics of common property, yet many cities have public zoos.

Answer: Common property has no value *if all visitors have the same tastes*. Visitors to a public zoo have different tastes: some visit the zoo and gain, and others don't visit the zoo.

Question: Why do you say that visitors to a zoo have different tastes?

Answer: Visitors differ in (i) wealth and (ii) accompanying children.

- (i) Poor visitors don't have many other choices; wealthier visitors go to theaters, movies, and ball games.
- (ii) Visitors without children get benefit from seeing the animals; visitors with children get much (most) of their benefit from watching their children. Children are less concerned about crowding, and they love activities (like a petting zoo) that adults don't care for.

A public zoo is structured for low income visitors with children. Higher income persons without children can't understand why anyone wants to visit a zoo.

Question: A public zoo costs money for upkeep, and the opportunity cost of the property is large. It sounds like taxpayers are providing a service that benefits the poor, not the rich. Is this true?

Answer: Other cultural activities funded by taxpayers benefit the rich. In fact, some of these activities are structured to drive out the poor and leave the entire benefit for the rich.

Question: Why do you say the activities are structured to drive out the poor?

Answer: Consider art museums. The sophisticated art lovers (who are wealthy) understand the paintings, but they hate crowds of lower income people milling about the museum. Visitors who lack sophistication are poorer, but they can't appreciate the art work unless they have museum guides who explain the meaning of each painting.

It would be easy for the museum to provide audio guides that explain each painting. Some science museums – especially those that cater to young children – do this, and these museums are often packed with children on weekends. But sophisticated art connoisseurs hate museums packed with children, so explanations of the art work are rarely provided.

Municipalities support art museums. Numerous rationales are given; in truth, the taxpayers are supporting the wealthy. Municipalities often pay for sports stadiums, whose tickets may cost \$50 apiece; they are using tax money to pay for middle class visitors. We can't say that tax money supports only the poor or only the wealthy; every case is different.

Question: But why would taxpayers want to support a public zoo if only the poor visit, particularly since the poor are not paying much taxes?

Answer: The public zoo helps higher income taxpayers without children by keeping the lower income visitors with children away from other cultural activities. This is a benefit that wealthy taxpayers may be willing to pay for.

{*Note:* The benefits of common property such as museums, ball-parks, zoos, theaters, public gardens, lakes, and hiking trails are disputed. This posting shows that benefits of common property depends on visitor's tastes. Rachel's opinions are one view; other views are also legitimate. You may post alternative views as replies to this posting.}