**Public Goods**

1. What is meant by the term **non-excludability** (the free rider problem)?

1. What is meant by the characteristic **non-rival**?

1. The **marginal production costs** of public goods are zero, what does this mean?
2. How does a public good differ from a **private good**?
3. Identify any other examples of good which fit the criteria above.

Other examples of a public good?

**Mr. Wilson’s Thinking Further Challenge…**

1. Consider the following goods/services: street lamps, roads and knowledge. How might private firms actually be able to charge consumers benefitting from these? These are known as **quasi-**public goods.

**Information Gaps**

What is an **information gap** and how can it result in **market failure**?

**Choose two of the scenarios below and fill in the table below:**

* …at the weekend walking around Reading deciding what to eat.
* …a 17-year-old is looking to insure their first car.
* …a second-hand care salesman tells me the car is a good runner
* …the seller of a pension scheme who says the future will be well provided for
* …the cigarette manufacturer who does not inform potential consumers of the true health risk from smoking
* …a Year 11 choosing their A-Level options and deciding which Sixth Form to attend

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| **Who knows more and what will be the effect?** | **What could potentially be done in order to close the information gap?** |
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