**Private, Public and Quasi public goods**

**Private goods**

A private good is defined in [economics](https://en.wikipedia.org/wiki/Economics) as ‘an item that yields positive benefits to people that is [excludable](https://en.wikipedia.org/wiki/Non-excludable_good)’, i.e. its owners can exercise [private property rights](https://en.wikipedia.org/wiki/Private_property_rights), preventing those who have not paid for it from using the good or consuming its benefits; and [rivalrous](https://en.wikipedia.org/wiki/Rivalry_%28economics%29), i.e. consumption by one necessarily prevents that of another. A private good, as an economic resource is [scarce](https://en.wikipedia.org/wiki/Scarcity), which can cause competition for it.

**Public goods**

The characteristics of pure public goods are the opposite of private goods:

1. **Non-excludability:** The benefits derived from pure public goods cannot be confined solely to those who have paid for it. Indeed non-payers can enjoy the benefits of consumption at no financial cost – economists call this the **'free-rider'** problem. With private goods, consumption ultimately depends on the ability to pay
2. **Non-rival consumption:** Consumption by one consumer does not restrict consumption by other consumers – in other words the marginal cost of supplying a public good to an extra person is zero. If it is supplied to one person, it is available to all.
3. **Non-rejectable:** The collective supply of a public good for all means that it cannot be rejected by people, a good example is a nuclear defence system or flood defence projects.

There are relatively few examples of ***pure*** public goods. Examples include **flood control systems,** some of the **broadcasting services** provided by the BBC, **public water supplies**, **street lighting** for roads and motorways, **lighthouse protection** for ships and also **national defence services**.

**Policing – is policing a public good?**

The general protection that the police services provide in deterring crime and investigating criminal acts serves as a public good. But resources used up in providing policing means that fewer resources are available elsewhere. Private protection services such as private security guards, privately bought security systems and detectives are private goods because the service is excludable and rival in consumption and people and businesses are often prepared to pay a high price.

**Public goods and market failure**

* Pure public goods are **not normally provided by the private sector** because they would be unable to supply them for a profit.
* It is up to the government to decide what output of public goods is appropriate for society.
* To do this, it must **estimate the social benefits**from making public goods available.

**The Free Rider Problem**

* Because public goods are non-excludable it is difficult to charge people for benefitting form a good or service once it is provided
* The free rider problem leads to under-provision of a good and thus causes market failure

**Quasi public goods**

A quasi-public good is a **near-public good** i.e. it has many but not all the characteristics of a public good. Quasi public goods are:

1. **Semi-non-rival:** up to a point, extra consumers using a park, beach or road do not reduce the space available for others. Eventually beaches become crowded as do parks and other leisure facilities. Open access Wi-Fi networks become crowded
2. **Semi-non-excludable:** it is possible but often difficult or expensive to exclude non-paying consumers. E.g. fencing a park or beach and charging an entrance fee; building toll booths to charge for road usage on congested routes

**The air waves – a public good or quasi public good?**

* The airwaves used by mobile phone companies, radio stations and television companies are owned by the government.
* Do they count as a pure public good? One person's use of the airwaves rarely limits how other people can benefit from utilising them.
* At peak times, the **airwaves become crowded**
* The government also controls the issue of licences needed to operate mobile phone services using the airwaves in the UK. In 2000, they [auctioned off five licences for 3rd generation mobile phone](http://news.bbc.co.uk/1/hi/business/1272501.stm) services and raised £22 billion in doing so. In 2013, the government auctioned off super-fast 4G mobile phone spectrums