

4 What is an example of a public good?

- A A ferry that takes members of the public across a river.
- B A fish farm that is owned by the government.
- C A fishing boat that is owned by all members of a village.
- D A lighthouse that warns boats of dangerous rocks.

11 What is a characteristic of a public good?

- A Households cannot accurately value the benefits of a good.
- B Households cannot be excluded from consuming the good.
- C The amount of the good available diminishes as households consume it.
- D Households are rivals in the consumption of the good.

13 What is an example of direct public provision of goods and services?

- A a charity hospital funded by public donations that offers free treatment to the rural poor
- B a mobile government library that travels to rural villages offering access to books
- C a private-sector pharmacy that provides treatment directly to the public
- D a private school that offers free places to children of low income families

- 3 (a) With the help of examples, explain the nature and characteristics of free goods and private goods (economic goods) **and** consider the significance of the distinction between these two types of good. [8]
- (b) Assess whether education should be classified as a public good or a merit good. [12]

Section C

Answer **one** question.

EITHER

3 Which goods are **least** likely to be allocated by market forces in a mixed economy?

- A hospitals
- B railways
- C street lighting
- D television programmes

3 What is a statement of the non-rivalrous nature of public goods?

- A It is not possible to stop a non-payer from using the product.
- B One person consuming the product does not reduce the amount of it available to others.
- C People consume too little of the product because they are unaware of its true benefits.
- D There is an unlimited supply of the product.

13 Why might governments provide free education for children aged 4 to 16 years old?

- A Consumers are not fully aware of the benefits of education.
- B Education in a free market system would be over consumed.
- C Education is a public good and there would be many free riders.
- D The private costs of education exceed the private benefits in a free market.

4 An individual buys a ticket to visit a government-owned art gallery.

How would this visit be classified by an economist?

- A private and demerit good
- B private and merit good
- C public and demerit good
- D public and merit good