Common Access Resources

In the previous lesson we looked at the difference between private goods and public goods. Private goods are excludable and rivalrous and public goods are non-excludable and non-rivalrous.

We will now consider goods and services that are either non-excludable **or** non rivalrous.

1. – Use the images below to complete the table.





|  |  |  |
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|  | [**Excludable**](http://en.wikipedia.org/wiki/Excludability) | **Non-excludable** |
| [**Rivalrous**](http://en.wikipedia.org/wiki/Rivalry_%28economics%29) |  |  |
| **Non-rivalrous** |  |  |

1. – Write a definition for a ‘Common Access Resource’ using the terms non-excludable and rivalrous.

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1. – Give another example of a natural common access resource.
*
1. – Give an example of a man-made common access resource.
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1. – Using the above approach (explain) how a road can fit into each of the four categories.
* *Congested no-toll road*
* *Uncongested non-toll road*
* *Congested toll road*
* *Uncongested toll road*

|  |  |  |
| --- | --- | --- |
|  | [**Excludable**](http://en.wikipedia.org/wiki/Excludability) | **Non-excludable** |
| [**Rivalrous**](http://en.wikipedia.org/wiki/Rivalry_%28economics%29) |  |  |
| **Non-rivalrous** |  |  |

6. Complete the diagram below and explain why common access resources tend to be over-used.

Quantity Demanded/Supplied

Price

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7. Why does over-use of common access resources represent market failure?

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8. Why does the above situation pose a threat to the sustainable development of a nation (sustainability)?

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9. Using the table below, assess the possible solutions to the problem of market failure that arises from the over-consumption of common access resources.

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| **Solution** | **Explanation** | **Potential Problem** |
| * Introduce a price to ration the use of the common access resource
 |  |  |
| * Extend property rights to common access resources.
 |  |  |
| * Government quotas/legislation limiting access to resources.
 |  |  |