# Public and private goods

Literature, Russian Literature

Public and private goods affiliation Public and private goods In the market different commodities are characterized depending on the consumer base, demand and supply (Guess, 2003). One of the major categories of commodities is the public and private goods. The category is based on availability and ownership of the commodities.

Public goods

Public goods are commodities which do not have dictated ownership. The demand of public goods by one individual does not affect the supply of another individual. Public goods do not have ownership rights. A major characteristic of the goods is that they are non-rivalrous and non-excludable. In that, if the goods are used by one individual, the availability of the good is not depleted (Guess, 2003). Examples of public goods include street lighting, roads, television broadcasts, fresh air and clean water.

Street lighting is referred to as a public good. This is because the there is a unison demand of the product. The demand and supply of the good is the same to all consumers. The service s offered by street lights cannot be depleted by one individual. Additionally, the ownership of street lights cannot be dictated one person. The elasticity of the good cannot change any form since the demand does not change.

Television broadcast as a good is public good. Broadcasting has indirect demand thus the elasticity of its price does not change. It is categorized as public good since there are no rights for ownership for individuals. The demand of another person does not affect the supply of another (Guess, 2003).

Roads are the most common public goods. They are used by every individual regardless of the use. They cannot be owned by an individual and the price elasticity of roads cannot change since its maintenance funds do not affect the consumers directly.

Fresh air and clean water are the most available public goods (Meyer, 2010). They occur naturally hence cannot be owned by an individual. There is equal demand on the commodity and the supply to an individual does not affect the supply to another person.

Private goods

These are goods that have financial benefits to individuals (Guess, 2003). They are excludable and the owners can exercise the right to ownership. They are scarce and have competition. They have a varying elasticity of demand depending on the demand and quality. They include food, clothing, electronics, cars and furniture.

Food as a private good has competition. The demand of food is usually much higher than the supply of food. There is competition for the commodity. Owners of the good have the right to own the goods and dictate the pricing of the commodity (Meyer, 2010). Price elasticity of food depends on its demand and quality. For example the price of fish cannot be compared to the price of lettuce since fish has high demand is a quality food. It is the same case when it comes to clothing. Clothing is sold depending on importance and demand. The quality also dictates the pricing.

Cars, electronics and furniture have the same characteristics of private goods. The owners of the commodities exercise the right to ownership. The owners determine the pricing of the commodities and the consumers to supply with the commodity (Meyer, 2010). They have varying price elasticity depending on quality and the demand. For example, the price of a Mercedes car cannot be the same to a price of a Toyota Saloon car.

References

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