

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.



| | Excludable | Non-excludable |
|----------------------|-------------------|-----------------------|
| Rivalrous | | |
| Non-rivalrous | | |

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

3) – Give another example of a natural common access resource.

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4) – Give an example of a man-made common access resource.

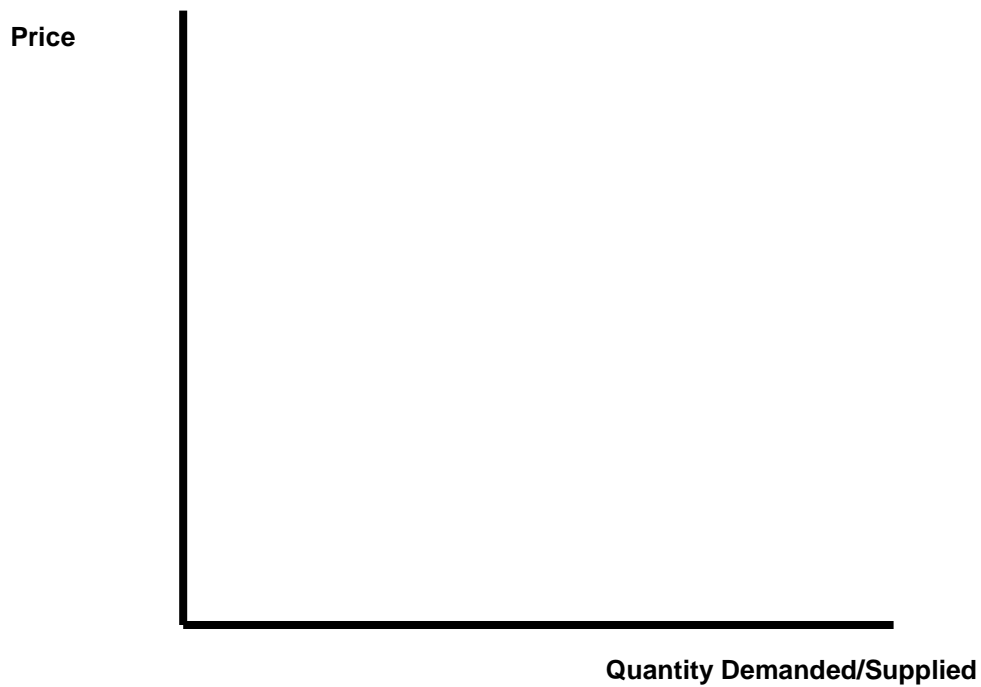
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5) – Using the above approach (explain) how a road can fit into each of the four categories.

- *Congested no-toll road*
- *Uncongested non-toll road*
- *Congested toll road*
- *Uncongested toll road*

| | Excludable | Non-excludable |
|----------------------|-------------------|-----------------------|
| Rivalrous | | |
| Non-rivalrous | | |

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



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

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

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.

| Solution | Explanation | Potential Problem |
|---|--------------------|--------------------------|
| <ul style="list-style-type: none">• Introduce a price to ration the use of the common access resource | | |
| <ul style="list-style-type: none">• Extend property rights to common access resources. | | |

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| <ul style="list-style-type: none">• Government quotas/legislation limiting access to resources. | | |
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