

# ECON 204 Sec 1

(the real) Quiz 7: Externalities and Public Goods.

Kevin Hasker

1. (1 Point) Please read and sign the following statement:

I promise that my answers to this test are based on my own work without reference to any notes, books, or the assistance of any other person during the test. I further promise neither to help others nor use electronic devices during this test.

Name and Surname: \_\_\_\_\_  
Student ID: \_\_\_\_\_  
Signature: \_\_\_\_\_  
\_\_\_\_\_

2. (10 points) Don't you think it is absolutely evil for a professor to schedule a quiz for right after a holiday? It's like, if they did that by mistake, they should give a filler question just to make it easier, don't you think?

**Solution 1** *Please do not be overly kind when grading this question. It is obvious that if they say that I am evil they should get no points.<sup>1</sup>*

3. (2 points) What does it mean for a good to be not excludable?

**Solution 2** *A good is not excludable if the producer cannot control who consumes it. Like car exhaust.*

4. (2 points) What does it mean for a good to be non-rival?

**Solution 3** *A good is non-rival if when one person consumes it another can as well. Like National Defense.*

5. (5 points) What are club goods? Are they excludable or not? Are they rival or not? Give several examples, and say which class of club goods your professor thinks is the most important in our modern economy.

**Solution 4** *Club goods are excludable but not rival. These are goods that otherwise would be public goods but are legally reclassified. Like toll roads, books, movies etcetras. The class that I think is most important in the modern economy is patents. It is frightening how many patents are involved in so many things around us... I wonder how many are in the computer I am typing on.*

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<sup>1</sup>I feel like... telling you this is a joke... is just so unnecessary... but then I feel like... not telling you... just *might* lead to a very bad outcome... so what to do? What to do????