

Visual 1

Private or Public

Characteristics of Public Goods

Shared (non-rival) consumption means that many people receive the benefits of a good or service at one time.

The benefits of private goods, such as apples or computers, are usually received and used up by one consumer. However, many share the benefits of police protection or national defense.

Non-exclusion means that people cannot be prevented from using a good or service even if they did not pay for the good or service.

All people receive the benefits of police protection whether or not they pay taxes to provide police protection. To receive the benefit of an apple, the customer must pay for the apple.

Definitions of Private and Public Goods

A **private good** is a good or service that can be withheld from a consumer who refuses to pay (exclusion), and whose consumption by one person reduces its availability to someone else.

A **public good** is a good or service that cannot be withheld from a consumer who refuses to pay for the good or service (non-exclusion), and whose consumption by one person does not reduce its availability to others (shared consumption).