



d) With reference to Extract C, discuss the likely private and external benefits of viewing educational websites and TV programmes.

Private benefits are internal benefits of a transaction which are incurred by an individual consumer, which are taken into account by the price mechanism. Whereas, external benefits are outside of the transaction and can be “positive spillover” effects - ignored by the price mechanism.

A likely external benefit of the consumption of sites such as “National Oak Academy & BBC Bitesize” is that in the long-run employers will benefit from workers having consumed said resources. This is because workers can benefit from the provision of education materials to attain higher qualifications e.g. “A-Level, T-Level, BTEC”. In theory, this will translate to a more educated workforce that may be more productive - having learned new skills i.e. “alternative ways of thinking through varied A-Levels” and qualifications in the trades. The above diagram visualises this through $MPB < MSB$.

A likely private benefit of viewing education is that consumers who have consumed such educational websites, will now be more qualified. Not only does this provide them access to skilled labour markets, this also allows them to have higher incomes and possibly higher quality of life.

However, to evaluate this assumes that all “2 million weekly users” of provided educational sites will fully utilise the resources to the best of their ability. A large majority of users may not follow the concept of economic rationality and misvalue the benefits of the provision, such that they do not use the resources to work towards higher qualifications/new skills. Thus, in turn the magnitude of the private/external benefit may be diminished. Moreover, any benefit, private or external, will only actualise in the long-run as for the effects to take place e.g. “Complete and Pass qualification” consumers will need to complete X years of schooling, which isn’t possible in the short-run.