

ACTIVITY 11.1

Bonus Point Boxes

Instructions: You have 10 tokens to divide between two boxes. When instructed by your teacher, write a number in each box, fold the paper, and give to your teacher.

Name: _____

Box 1: You will receive one bonus point for every token you place in this box.

Box 2: The sum of all tokens placed in this box by the entire class will be multiplied by 2 to get the total number of bonus points, which will be evenly distributed to everyone in the class.

ACTIVITY 11.2

Shedding Some Light on the Problem

Greta, Livia, and Sam all live on the same block. There are no streetlights, which makes it difficult and unsafe to walk and do other activities at night. The table below shows how much each of them values or is willing and able to pay for each streetlight to be installed on their block. Use this information to answer the questions below.

	Greta	Livia	Sam
First Streetlight	\$200	\$300	\$400
Second Streetlight	\$100	\$250	\$150
Third Streetlight	\$50	\$200	\$50
Fourth Streetlight	\$0	\$100	\$0

1. How much value would installing the first streetlight generate for this society of three people?
2. How much value would installing the second, third, and fourth streetlights generate?
3. If each additional streetlight costs \$275 to install, what is the efficient quantity of streetlights?
4. If a producer of streetlights went door-to-door on this block in an attempt to sell streetlights at \$275 each, how many would be purchased?
5. Compare your previous two answers. What does this suggest about the market for streetlights?

ACTIVITY 11.3

Public or Private?

For each of the goods listed below, address the following questions.

- A. Spraying large areas to control mosquitoes
- B. Chairs
- C. Research knowledge

1. Is the use or consumption of this good rival or non-rival? Explain why.
2. Is the use or consumption of this good excludable or non-excludable? Explain why.
3. What type of good is this? Explain in terms of your answers to the previous two questions.
4. Without outside intervention, how would the amount of this good produced in the marketplace compare to the efficient quantity of the good?
5. If the efficient amount of the good is not produced in the marketplace, what might government do to ensure that it is?