

excludable: only people who pay can use the good.

non ~ : impossible to prevent anyone from benefiting from it. (e.g.: police, network television).

rival: : one person's use of a good will decrease the quantity available for others.

non ~

~ ~

excludable

non

rival

private good

non

public good.

freerider-problem \Rightarrow the absence of an incentive for people to pay for what they consume.

value of a private good: the maximum amount that a person is willing to pay for one more unit of it.

public

:

all people.