

ECN 362 — Homework #2 (Due 30 Jan 2014)

1. Describe how a good can go from having public good characteristics to common-pool (or open-access) characteristics, using supply and demand. It will be easier if you think of a specific good (like shoes, except that shoes don't work well for these questions).
2. Describe one method for transforming that good into a club good and one method for transforming it into a private good.¹ Note which method uses ideas from Coase and which uses Ostrom.
3. Who are the winners and losers from each transformation?
4. If you were a politician, how would you make or change policies regarding the move to private or club goods, if you represented the public interest?
5. If you were a politician, how would you make or change policies regarding the move to private or club goods, if you represented your selfish interest?

Answer questions (1) and (2) with a few sentences *and* a diagram relating supply and demand in each stage (public good, then common pool; then common pool to club and common pool to private), i.e., four in total.

¹The good does not change physically; we are changing the way it's managed.