

Table 10.1

THE MARKET RELEVANCE OF EXCLUDABILITY, RIVALNESS, AND CONGESTIBILITY

	Excludable	Nonexcludable
Rival	Market goods; food, clothes, cars, houses, waste absorption capacity when pollution is regulated	Open access regimes ("tragedy of the commons"), e.g., ocean fisheries, logging of unprotected forests, air pollution, waste absorption capacity when pollution is unregulated
Nonrival	Potential market good, but if so, people consume less than they should (i.e., marginal benefits remain greater than marginal costs); e.g., information, cable TV, technology	Pure public good, e.g., lighthouses, streetlights, national defense, most ecosystem services
Nonrival but congestible	Market goods, but greatest efficiency would occur if price fluctuates according to usage; e.g., toll roads, ski resorts	Nonmarket good, but charging prices during high-use periods could increase efficiency; e.g., non-toll roads, public beaches, national parks

Adapted from A. Randall, "The Problem of Market Failure." In R. Dorfman and N. Dorfman, eds. *Economics of the Environment*, 3rd ed. New York: Norton, 1993, pp. 144-161.