

## **Session 2: Infrastructure Public Goods, and Market Failure**

### Discussion Questions

#### **Holcombe 1997**

What are the differences between public goods and private goods?

Why should the government provide public goods? (Can the government provide private goods? Can the private sector provide public goods?)

After all, according to Holcombe, what is the government? (representing the public or representing the private interests of those who run the government?)

#### **Krueger 1990**

Note:

This is an important piece of literature in the debate of "market failure" versus "government failure". The "government failure" argument provides justifications for a series of liberal market reforms. It was espoused by Washington, D.C.-based institutions, such as the International Monetary Fund (IMF), World Bank, and the US Treasury Department. This approach is part of what is termed the "Washington Consensus." Liberal market reforms were promoted in developing countries in the 1990s and early 2000s.

What is "market failure", and what is "government failure"?

According to Krueger, what are failures of commissions and what are failures of omissions? Do you find any such examples in your experience?

Krueger posed a series of questions: What is "the government"? What is the comparative advantage of government? What are the dynamics of government intervention? What are her answers to such questions and what are your reflections?

#### **Frishmann 2005**

Note:

1. This is a very long article. Skim it and get the main ideas.
2. There are different types of ownership--public ownership/open access, community ownership, and private ownership, and they correspond to different advantages and disadvantages in resource management.

According to Frishmann, what are the benefits of open access?

What are the challenges in managing open-access resources?

What are the connections between the three pieces we read for today?

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