

Web note 005: *economic* good – what is an economic good/
service?

3 essential characteristics of an economic good/service

- (1) UTILITY

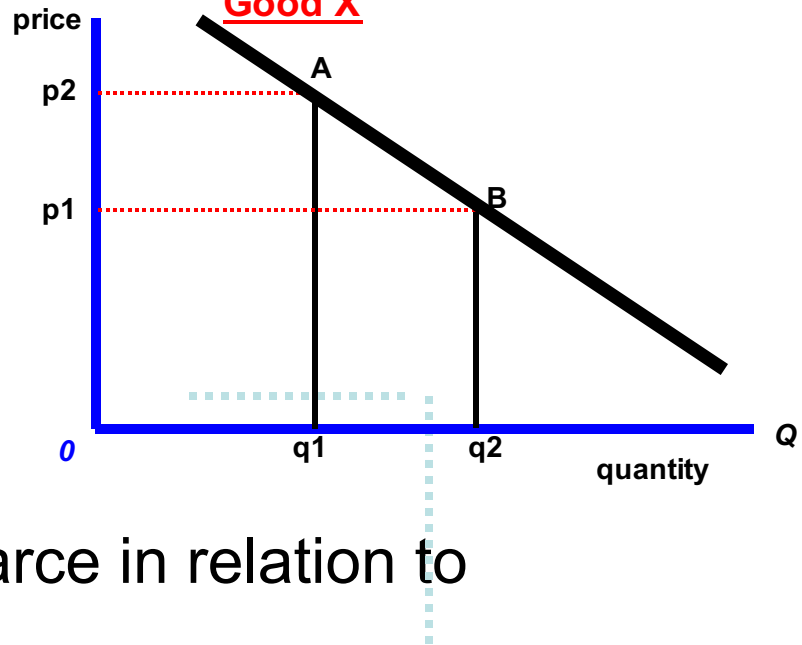
- The good/service must give a level of satisfaction.
- Therefore consumers will demand it and pay for it.
- This is considered rational behaviour in economics

Economic good/service ^{Webnote 005}

(2) Scarcity

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- Good/service must be scarce in relation to demand.
- It must be able to command a price

Diagram 1: Demand Curve for Good X



(3) Transferrable

- it must be possible to transfer the good /service to individuals
- Talent is not transferrable
- Market can allocate goods and services that can be exchanged for money



Types of economic goods and services

- **Public**
- **Merit**
- **Capital**
- **Consumer/final**
- **Intermediate**
- **Primary**
- **Commodity**