

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

# 3 essential characteristics of an economic good/service

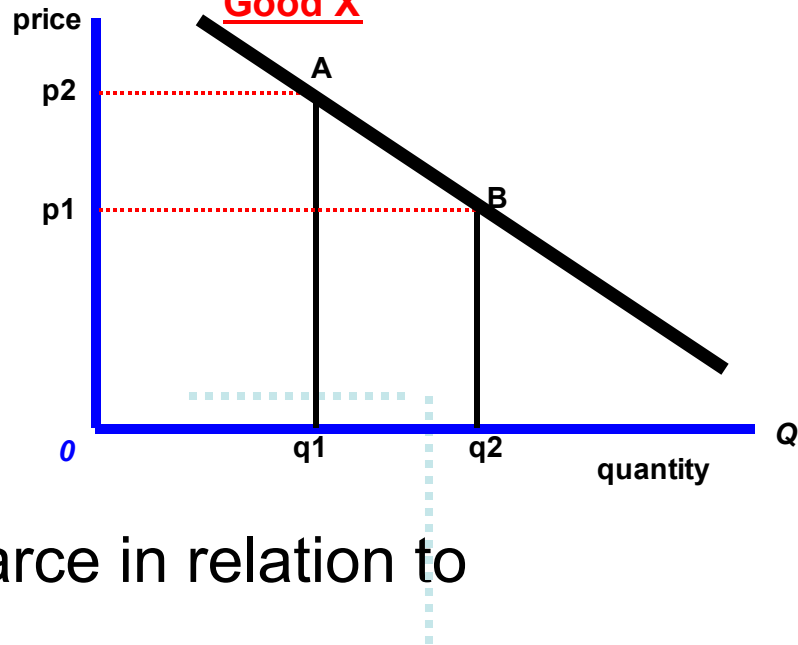
- (1) UTILITY

- 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

Diagram 1: Demand Curve for Good X



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

## (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**