

LATE SUMMER READING TEXT

HOLIDAYS WITH A TOUCH OF ECONOMICS

Story 1

A group of students decided to go on holiday together after a busy academic year. Their destination: sunny Tuscany. Not by plane or car, but by train - a conscious choice, both for the adventure and the environment. The journey took them past rolling hills, vineyards and ancient towns until they finally arrived in a charming coastal village where a lighthouse stood proudly overlooking the sea.

Their accommodation was simple but charming: a small cottage near the beach. Every evening, they gathered around a barbecue, where they grilled fresh fish and local specialities while the sun slowly sank into the sea. The lighthouse cast its light over the water, and the atmosphere was carefree and warm.



During the day, they wanted to see more of Italy. They rented a car to take a day trip to Rome. The drive took them onto the motorway, where they had to pay tolls - something no one had thought of, which caused a slight panic when they had to scrape together their change. Once in Rome, the hustle and bustle of the city was an exciting contrast to the tranquillity of their coastal village. They admired the Colosseum, threw coins into the Trevi Fountain and ate gelato on every street corner.

In the evening, they returned to their seaside accommodation tired but satisfied. As the stars appeared above the beach, everyone realised how special this holiday had been - a mix of adventure, friendship, culture and relaxation that they would never forget.

All kinds of goods

The above story makes you dream of the holiday that is just around the corner. And wherever you go on holiday this summer, at home or abroad, everywhere you go, often without realising it, you are confronted with economics.

Take, for example, the different types of goods (and services) that circulate in the economy. All these goods can be divided into four categories based on two criteria: excludability and rivalry.

Let's start with the lighthouse in the idyllic coastal village where the students are staying. No ship can be excluded from using the lighthouse because the local municipality has given it a public function, namely to ensure the safe passage of shipping traffic. The lighthouse is non-excludable. Furthermore, when a ship uses the lighthouse for navigation, this does not reduce the possibility for other ships to do so. The lighthouse is non-rivalrous. Goods that are both non-excludable and non-rivalrous are called public goods. This is the first type of goods in economics.

On the other hand, there are private goods. Think of the meat and fish for the barbecue that students buy at the local supermarket. These goods are excludable because students have to pay a price to take these products home with them. This indicates excludability. Moreover, the meat and fish they buy are no longer available to other consumers. This, in turn, indicates rivalry.

Most goods in the economy are private goods. Companies make profits by bringing these private goods to market.

In addition to the two types discussed above, there are two other types. First, there is the toll motorway to Rome. It is easy to understand that this good is excludable because a toll must be paid. On the other hand, this toll motorway is non-rivalrous: there is enough capacity for all traffic.

We call this type of goods club goods.

Finally, we end up back at the beach. It is a freely accessible beach, so it cannot be excluded. The students notice that more and more tourists are coming up with the idea of organising parties in the evening. It quickly becomes a bit 'crowded' with all those exuberant people. So the beach is rivalrous.

We call this type of goods common goods.

Story 2

After their sunny days on the Tuscan coast and in Rome, the students boarded the train again - this time heading north. Their journey home had one last stop: Switzerland.



They chose to spend two days in the mountains, ending their holiday with fresh air and impressive nature.

They stayed in a cosy hostel in a valley surrounded by high peaks. On the first morning, they took a cable car to a mountain top where the view took their breath away. The air was thin but pure, and the silence felt like a luxury. They took a long walk along mountain paths that wound their way past alpine meadows and babbling brooks.

Among the flowers and grazing cows, they stopped for a picnic. On a blanket, they shared bread, cheese and chocolate, while the sun warmed their skin and the wind gently ruffled the grass. The simplicity of that moment made a deep impression.

The next day, they took the train to Lausanne. The city exuded elegance, with its stylish boutiques and neat boulevards. They enjoyed the contrasts: from rugged mountains to chic shop windows. And although their budget was limited, some managed to score a few nice clothes - as a souvenir of a trip that had broadened their horizons, both literally and figuratively.

The government as supplier

A significant portion of public goods consists of goods and services provided by the government. The lighthouse from story 1 was one example. Public transport, such as the train that the students took to travel to Italy, is another example.

These goods fulfil a social need, a need that the entire community has. They are therefore financed by tax money.

Story 3

During their stay in Lausanne, the students made full use of public transport to get around the city quickly. The trams and buses ran punctually and smoothly through the hilly streets, and they enjoyed the view of Lake Geneva as they travelled between neighbourhoods, shops and sights.

One afternoon, however, as they were on their way to a restaurant for lunch, their journey took an unexpected turn. The tram they were riding in suddenly came to a jarring halt.

At first, they thought the tram had been stopped for a fare inspection. But voices and loud shouting could be heard from the front, and it soon became clear that something serious had happened. Police cars and fire engines appeared outside with sirens blaring.

The tram remained stationary for over an hour. Passengers were asked to remain seated; the atmosphere was tense but controlled.

Slowly, information trickled through: a car had crashed into the tram at full speed at an intersection. The driver was a young man without a driving licence, who had stolen his parents' car for a reckless drive through the city. A joyrider, as the newspaper would later call him. Miraculously, no one was seriously injured, but the damage was considerable and the distress great.

A few days later, once back home, the students read the news report online: the driver had been banned from driving for life by the court. Only then did the seriousness of the situation really sink in.



Despite that incident, they also had fond memories of Lausanne. They visited the university, where two of them made plans to pursue a post-master's degree. They were impressed by the campus, the modern infrastructure and the international atmosphere. The idea of returning after the summer as students in this elegant city gave their holiday a forward-looking conclusion.