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| Can you explain what a market failure is? Do you know what the key term ‘misallocation of resources’ means? |
| Can you explain the difference between ‘a complete market failure’ and ‘a partial market failure’ |
| Can you explain the difference between a private good and a public good? |
| Can you explain the following market failures using MSB and MSC diagrams:   * Positive externalities (in production and consumption) * Negative externalities (in production and consumption) * Merit goods * Demerit goods? |
| Can you explain the following key terms:   * Private costs, external costs, social costs * Private benefits, external benefits, social benefits * Information failure * Asymmetric information |
| Can you explain the following potential market failures:   * Monopoly (as opposed to a competitive market) * Immobility of factors of production such as labour * Income and wealth inequality? |