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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?
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| Can you explain the following key terms:* Private costs, external costs, social costs
* Private benefits, external benefits, social benefits
* Information failure
* Asymmetric information
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| 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?
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