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| Understand the following market failures:* Public ‘v’ quasi public goods (explain how technical change affects this)
* How imperfect information and the absence of property rights may lead to market failure
* Explain the causes of environmental market failure (with use of a diagram)
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| Assess the effectiveness of a range of policies to tackle market failures e.g. environmental market failure such as by extending property rights |
| Evaluate the sources of government failure such as regulatory capture |
| Understand the principles of cost benefit analysis and evaluate the effectiveness of CBA. You need to ensure you understand the following key terms:* Shadow pricing
* Discounting
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