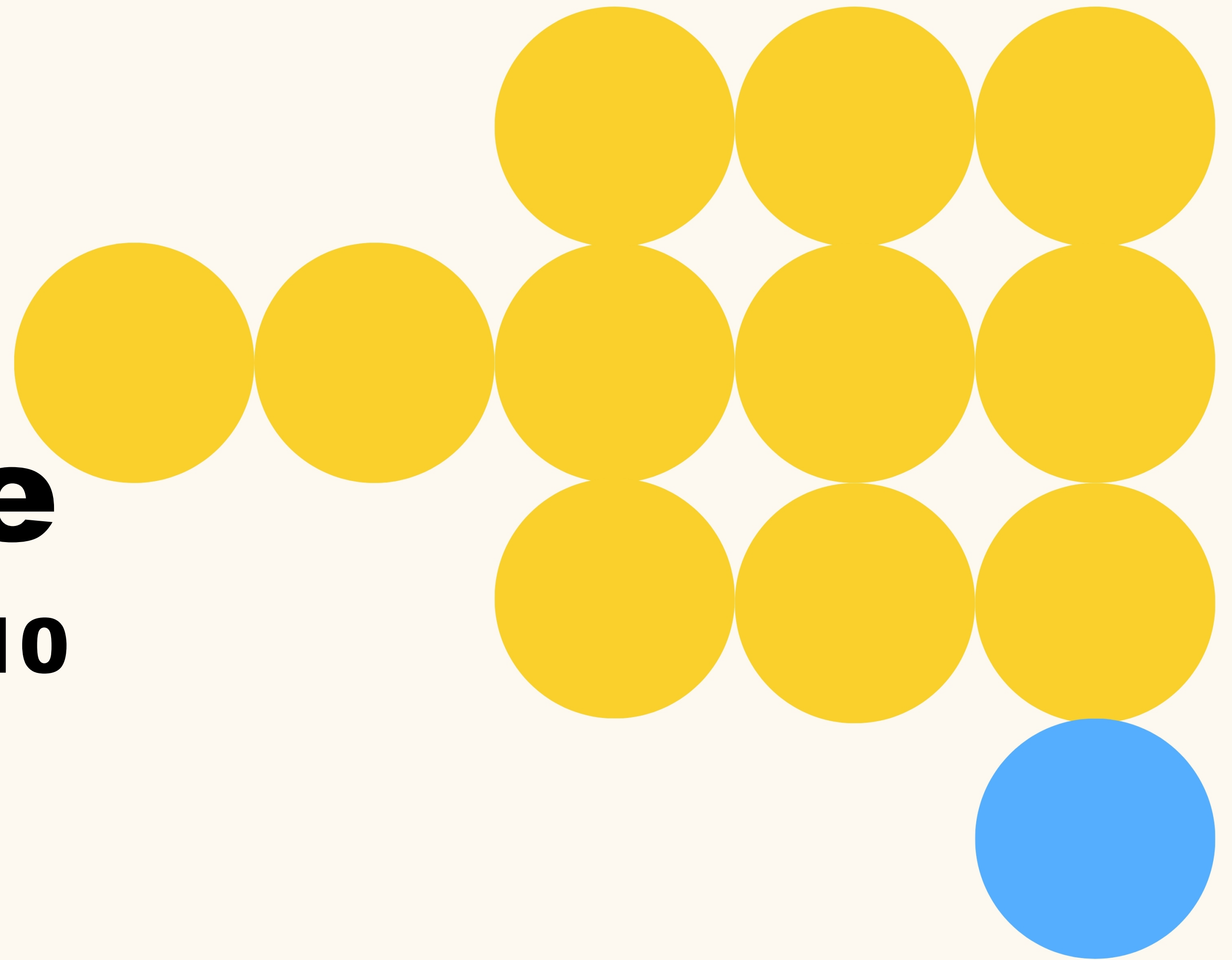


Market failure

Microeconomics - year10



Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



Recap

IGCSE Economics Exam Crash Course by Knockout.Economics

Chapter14: Market failure

Part1-Multiple choice

1. What is a correct definition of a demerit good?

A a good which generates positive externality

B a good which provides no costs to third parties

C a good with higher private costs than social costs

D A product that poses greater harm to consumers than they are aware of.

Part1-Multiple choice

2. What is negative externality of alcohol?

A the cost of packaging

B the cost of people who consume

C the tax on alcohol

D The cost to third parties who are around drunk individuals.

Part1-Multiple choice

3. Given that wearing a face mask can help prevent the spread of certain illnesses, but not everyone is willing to wear one, why would face masks be inefficiently allocated in a free market?

A face masks are public good

B there is perfect information in the free market

C there is abuse of monopoly power by the producer of face masks

D consumers in the free market only consider private costs and benefits.

Part1-Multiple choice

4. What is the main drawback of a monopoly?

A high innovation and technology

B high price

C high quantity of product

D concern on third parties

Part1-Multiple choice

5. What could be an external benefit of a rise in the number of university graduates in an economy?

A an increase in salary for graduates

B an increase in the job opportunity

C It builds a strong portfolio for the students

D The government receives higher tax revenue due to a more productive workforce.

Part2- Essay

1. Analyse the consequences of market failure. [6]
2. Discuss whether a market economy allocates resources in the most efficient way. [8]

Part2- Essay (continue.)

2. Discuss whether a market economy allocates resources in the most efficient way. [8]

The End

