

Market Failures

Key Concept Market sector	Private good (Not subject to market failure)	Public good (quasi public goods)	External benefits	External costs	Merit good	Demerit good	Asymmetric information	Monopoly (& monopsony) power	Government failure
Health care	Knee operation	Inoculation	Taxpayer (less working days lost sick)	Waste disposal at hospitals	Dental care	Botox surgery?	Patient/Doctor (diagnosis) Patient/Insurance company	Limited competition for N.H.S.	Costs of bureaucracy
Education	A Levels Degrees Vocational training	Literacy skills Socialisation Citizenship	Taxpayer (higher taxed earnings)	'School run' traffic congestion	Schooling aged 5-18	(student preference for 'softer' subjects?)	Parents/Schools (which school?)	Limited competition for state schools	Costs of bureaucracy
Transport	Private drives, Bridges	(untolled roads)	Rail, bus (less congestion)	Air pollution, accidents, congestion	Bike helmets, seat belts, car insurance	Motorbikes	Second hand car market ('lemons')	London Underground, Network Rail	Poor urban transport planning
Farming	Grain	Attractive fields	Environmental protection	Intensive farming				Monopsony (Tesco etc)	C.A.P. (food mountains)
Food retail	Bread		Home delivery (less congestion)	Excessive packaging (waste disposal)	Vegetables	Fast food	Food safety (meat?)	Supermarket domination (& risk of collusion)	Soft regulation of 'land banks' held by large stores to deter competition
Labour			Training in transferable skills					Trade unions Monopsony employers	Generous welfare benefits (disincentive to work) Working Time Directive?

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