

2 MARKET FAILURES



WHO IS EFFICIENT?

MARKET

OR

STATE

WHY MARKETS FAIL -----?

1 FAILURES OF COMPETITION:

(Existence of MONOPOLIES)

2 PUBLIC GOODS

A) NON-RIVAL

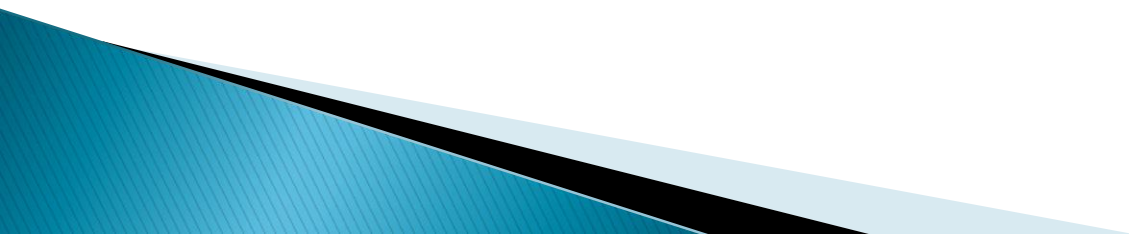
B) NON-EXCLUSION

3 EXTERNALITIES

A) POSITIVE EXTERNALITIES

B) NEGATIVE EXTERNALITIES

4: IMPERFECT INFORMATION OR INFORMATION FAILURES



5) UNEMPLOYMENT AND INFLATION

GOVERNMENT INTERVENTION

HOW

AND

WHAT FORM?

1) POLLUTION TAXES (OR GREEN TAXES)

2) TAXATION OF MONOPOLY PROFITS

3) REGULATION --INSURANCE(IRA)

4) PRICE CONTROLS



IF GOVERNMENT FAILS?

HOW GOVERNMENTS FAIL ?

DUE TO WRONG POLICIES

THEN REMEDY?

IMF OR IBRD(WORLD BANK)

Q AND A SESSION :

BIBLIOGRAPHY

1)PUBLIC SECTOR ECONOMICS JOSEPH E STIGLITZ

MACGRAW INTERNATIONAL

2) MARKETS AND GOVERNMENTS

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THANQ