

# Economics, a Comprehensive Guide

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# Chapter 1

# Preface

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## Chapter 2

# Part 1: Microeconomics

### Scarcity, Opportunity Cost and Economic Efficiencies

Scarcity means that society has **limited resources** and **unlimited wants**

## Resource Allocation in Competitive Markets

## **Firms and How They Operate**

## Market Failure

### What is Market Failure?

Market Failure is defined as the following:

Market Failure is the failure of the **free market** to allocate resources in a fashion that **maximises societal welfare**.

This is the justification for government intervention. The very fact that the free market is failing to maximise societal welfare means that

### Causes of Market Failure

Market failure occurs because of various reasons, all of which fall under these broad-based categories:

1. Public Goods
2. Positive and Negative Externalities
3. Merit and Demerit Goods
4. Immobility of Factors
5. Market Dominance
6. Inequity of income and wealth

*Note: “Inequality” is a mathematical concept ( $\geq$  and what not), while “inequity” is the social/moral concept, and the latter is what economics in this context wants*

## Chapter 3

# Part 2: Macroeconomics

### Key Economic Indicators



## Macroeconomy and How It Works

## International Economics