

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 the government has to step in and take measures, which will be explored later, to correct the market failure.

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