**Name: Micro Econ Key Terms – Market Failure and the Role of Gov’t (mods 74 & 75)**

1. Describe three markets that produce negative externalities.
2. What can government do to reduce negative externalities i.e. internalize the cost?
3. Choose one market and sketch the supply and demand curves. Show what the price would be if the marginal social costs were included. (pg 739 for reference)
4. Describe three markets that produce positive externalities.
5. What can government do to acknowledge the value of positive externalities?
6. Choose one market from question 4 and sketch the supply and demand curves. Show what the price would be if the marginal social benefits were included. (pg 737 for reference)