**Unit VI (Ch. 19-21) Test Review**

***Terms***

**ability-to-pay principle**

**artificially scarce good**

**benefits principle**

**Coase Theorem**

**deadweight loss**

**efficiency v. inefficiency**

**environmental standards**

**external cost**

**externalities (negative and positive)**

**free rider problem**

**marginal social benefit (MSB)**

**marginal social cost (MSC)**

**marketable permits**

**Pigouvian taxes and subsidies**

**pollution**

**poverty line**

**poverty rate**

**private v/ public goods**

**socially optimal price and output**

**tax incidence (burden of a tax)**

**taxes (payroll, proportional/flat, progressive, sales, excise, property, income, and regressive)**

**tradeable emissions permit**

***Types of Goods Matrix***

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**Models to Know**

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