Solutions

Each answer shows the steps, then the **result**.

2.1

- to limit market power and promote competition

2.2

- marginal-cost pricing or average-cost pricing (any one)

2.3

- when government intervention itself leads to an inefficient or worse outcome

3.1 B

3.2 B

3.3

(a)

- antitrust policy

(b)

- more competition and lower prices

(c)

- government failure