##### Market failure

# Exercise 4.0 – Government Regulations on taxi-licensing and the emergence of Uber

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| Identify two reasons why the Government might have imposed restrictions on licensed taxis. |
| Identify TWO economic reasons why this might lead to Government Failure. |
| Give ONE economic argument for letting local authorities decide whether to remove restrictions. |
| Assess whether liberation of this market would lead to an increase in social welfare? |