

MODERN APPROACH ON MARKET FAILURE AND EXTERNALITIES

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Abstract:

This article wishes to present the theories that have as a starting point the market failure, because it is considered that this has started the outsourcing phenomenon. Taking into account Pigou who has highlighted the concept of an external de-economization, other economists have tried to remedy this weakness of the market through an internal abortion of the outsourcing process. This concept is in fact payment, which represents in fact the costs of the losses, the price of the product being equal with the marginal social cost of the goods. Establishing a tax is in fact equivalent to with taking into account the de-economization into the costs of the producer (pigouvien tax, illustrated by the examples in the article). Also the authors have presented other ways through which the state may intervene in order to correct the negative effects appeared after the process of outsourcing.

Keywords: market failure, outsourcing, social cost

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