

Investigating the Economic Environment and Business

Context

This year the context is **government intervention** and **market failure** in the UK.

Research

To prepare for this year's context, you should research:

- the different ways that the government intervenes in the economic and business environment
- its reasons for doing so
- to what extent government intervention is successful and reasons for government failure
- market failure and its impact on stakeholders (economic agents)
- if market failure can be solved by government intervention.

You **cannot** take any of your research or investigation data carried out as part of pre-release into the examination.

1	Identify and explain different ways by which the government intervenes in the economic and business environment
2	Explain why the government intervenes in the economic and business environment
3	What are the economic arguments for government intervention to control the macro-economy?
4	What are the economic arguments against government intervention to control the macro-economy?
5	Compare the views of Keynes, Friedman and Hayek on government intervention in the macro-economy
6	Assess the case for government intervention in the economy
7	What is market failure?
8	Use examples to explain different ways by which markets fail
9	Draw a MSC/MSB diagram to show how negative externalities lead to market failure
10	Draw a MSC/MSB diagram to show how external benefits lead to market failure

11	Identify three markets that might be described as failing. For each:
	<ul style="list-style-type: none"> • Explain how and why the market is failing
	<ul style="list-style-type: none"> • Draw an label a diagram to illustrate
	<ul style="list-style-type: none"> • Explain the impact of the market failure on different stakeholder groups (some may be positive and some negative)
12	How far should the government promote the use of E cigarettes as a means of reducing tobacco use
13	Use a diagram to discuss the impact of a minimum price on alcohol
14	Use a diagram to discuss the impact of a cap on energy prices
15	Assess the case for a tax on sugar sweetened drinks
16	Assess the case for an increase in the National Living Wage
17	Compare tradeable permits and taxation as methods to reduce pollution
18	Is the energy market working in the best interests of consumers? If not why not?
19	Assess the case for further government intervention in the UK energy market?
20	Investigate the following markets – Alcohol, Tobacco and its Substitutes, Energy Market, Housing Market, Food (obesity). For each - What is the economic rationale for intervention? - What forms does / could this take? Evaluate intervention
21	What is government failure
22	Explain the different causes of government failure
23	Use real examples to explain how government intervention has led to government failure
24	Is the UK housing market failing?
25	Assess the case for government intervention in the UK housing market?
26	Evaluate strategies to improve the UK housing market
27	What Is meant by a stakeholder?
28	Explain the different stakeholder groups
29	Evaluate the impact on two stakeholder groups of increased taxation on tobacco
30	Evaluate the impact on two stakeholder groups of increased sales of e cigarettes
31	Evaluate the impact on two stakeholder groups of a cap on energy prices.
32	Assess the case for governments intervening to correct market failure?
33	Assess the case for governments intervening to achieve a more equitable distribution of income and wealth?
34	Assess the case for governments intervening, to increase the amount of competition in specific markets, so as to tackle market failure
35	Assess the case for governments intervening to improve the performance of the economy?