

			<b>Webnote 484</b>	<b>4.8 The balance between markets and intervention</b>  <b>Big Question:</b> 1. Evaluate market and interventionist policies in terms of reducing poverty in less developed countries.		<u>Example</u>
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#### **Strengths and weaknesses of market-oriented policies**

<b>180</b>			Strengths	<ul style="list-style-type: none"> <li>Discuss the positive outcomes of market-oriented policies (such as liberalized trade and capital flows, privatization and deregulation), including a more efficient allocation of resources and economic growth.</li> </ul>	For 4.8 it is a good idea to revise the advantages + dis adv. of the market system in section 1: see webnotes 227, 231 and 232. See also items 125-133 in section 2.6 re Supply Side policies.	<u>Example</u>
<b>181</b>			Weaknesses	<ul style="list-style-type: none"> <li>Discuss the negative outcomes of market-oriented strategies, including market failure, the development of a dual economy and income inequalities.</li> </ul>	See also items 124 to 132 in the syllabus as this concept is useful	<u>Example</u>

#### **Strengths and weaknesses of interventionist policies**

Item	hl	sl	Must Know	Must know very well! Here are the details of what you need to know.	Reading	<u>Example</u>
<b>182</b>			Strengths	<ul style="list-style-type: none"> <li>Discuss the strengths of interventionist policies, including the provision of infrastructure, investment in human capital, the</li> </ul>		<u>Example</u>

				provision of a stable macroeconomic economy and the provision of a social safety net.		
<b>183</b>			Weaknesses	<ul style="list-style-type: none"> <li>• Discuss the limitations of interventionist policies, including excessive bureaucracy, poor planning and corruption.</li> </ul>		<b>Example</b>
<b>184</b>			Market with government intervention	<ul style="list-style-type: none"> <li>• Explain the importance of good governance in the development process.</li> <li>• Discuss the view that economic development may best be achieved through a complementary approach, involving a balance of market oriented policies and government intervention.</li> </ul>		<b>Example</b>
				<b>TOK</b> <b>Theory of knowledge: potential connections</b> What criteria can economists use to decide on the balance between markets and intervention? Is development economics dependent upon external normative notions such as what constitutes a good or fulfilled life?		<b>Example</b>