**Government intervention in markets**

How does the approach of free market economists and interventionist economists differ?

Ways in which governments could intervene in markets

Explain how the government might intervene in the case of public goods?

Explain what the ‘polluter must pay’ means in relation to negative externalities.

What is the alternative to the use of taxation as a form of intervention?

What is regulation? What is considered to be an extreme form of regulation?

What is a pollution permit (you could also look this up under carbon trading)? How does a pollution permit system work? Can you see any problems with this?

Using diagrams (a separate one for each) explain how maximum and minimum prices can be used to intervene in markets. Make sure you explain any problems associated with the use of these methods of government intervention.

Read the case study on page 124 of your textbook on landfill tax and government failure.