

# [The impact of government policy on business assignment](https://assignbuster.com/the-impact-of-government-policy-on-business-assignment/)

Homework- essay question: or what extent do you agree that the I-J government should intervene more directly to support manufacturing? (40) Government intervention is an action taken by a government in a market economy in an effort to impact the economy beyond the basic regulation of fraud and enforcement of contracts and provision of public goods.

In free market systems, governments take the view that markets are best suited to allocating scarce resources and allow the market forces of supply and demand to set prices. The role of the government is to protect property rights, uphold the rule of law and maintain the value of the currency. Competitive markets often deliver improvements in allocation efficiency, but there are occasions when they fail; causing the need for government intervention.

The main reasons for government intervention are to correct market failure, achieve a more equitable distribution of income and wealth and to improve the performance of the economy. Manufacturing share of total I-J economic output has been in steady decline for many decades, from more than 30% in the early asses to 10% in 2013. Since 1997, manufacturing has fallen by 5%, whilst the service sector’s output has risen by 54%. Ere service sector now accounts for 80% of the UK economy.

These fugues clearly show that manufacturing in the UK Is falling because It Is too expensive for genuineness, and therefore not competitive enough. Trying to Improve the growth of UK manufacturing is to fight a losing battle. Our comparative advantage Lies more In retail, insurance and financial Industries. These Industries make up the majority of the UK export revenue and are thriving. Trying to make Britain a nation of producers and manufactures could be unsuccessful because our comparative advantage no longer lies In the manufacturing sector, and now Lies In financial services and insurance.