

EVALUATION!

1. **SHORT TERM** VERSUS **LONG TERM** IMPLICATIONS
2. EFFECTS ON DIFFERENT **STAKEHOLDERS**
3. **PRIORITISE** THE **ARGUMENTS**
4. QUESTION **VALIDITY** OF A THEORY/ DATA PRESENTED

SHORT TERM VERSUS LONG TERM

EXAMPLES:

“IN THE *SHORT RUN*, ABNORMAL PROFITS CAN BE EARNED. HOWEVER, IN THE *LONG RUN* THIS IS NOT POSSIBLE.”

Or

“IN THE *SHORT RUN*, IT IS POSSIBLE TO JUSTIFY THE INFANT INDUSTRY ARGUMENT. HOWEVER, IN THE *LONG RUN*, THE INDUSTRY COULD BE INEFFICIENT.

VALIDITY

MOST ECONOMIC THEORY IS BASED ON **ASSUMPTIONS.**

QUESTION THEIR **VALIDITY!**

EXAMPLES:

*“THE **ASSUMPTION** OF PERFECT COMPETITION THAT THERE IS PERFECT KNOWLEDGE IN THE MARKET IS UNREALISTIC IN GLOBALISED MARKETS DOMINATED BY ADVERTISING.”*

*“THE THEORY OF COMPARATIVE ADVANTAGE FAILS TO TAKE TRANSPORT COSTS INTO ACCOUNT (FROM THE PRODUCING COUNTRY TO THE COUNTRY BUYING THE GOOD). THIS IS CLEARLY A **WEAKNESS** OF THE THEORY.”*

PRIORITISE THE ARGUMENTS

EXAMPLES:

THE ***MOST IMPORTANT*** ARGUMENT
AGAINST PROTECTIONISM IS....

THE ***LEAST EFFECTIVE*** ARGUMENT FOR
PROTECTIONISM IS....

ON BALANCE, THE STRONGEST ARGUMENT IN
FAVOUR IS...

STAKEHOLDERS

CONSIDER THE ISSUE FROM THE POINTS OF VIEW OF
DIFFERENT STAKEHOLDERS:

EXAMPLES

DOMESTIC PRODUCERS
CONSUMERS
GOVERNMENT
FOREIGN PRODUCERS
HIGH INCOME PEOPLE
LOW INCOME PEOPLE