Microeconomics

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| PED - Inelastic | Cigarette Prices in Australia, the Australian government increased cigarette prices to reduce demand, however, the PED for cigarettes is inelastic as many smokers are addicted and will not change the amount they by relative to the change in price  <https://tobaccocontrol.bmj.com/content/27/2/229> |
| PED - Elastic | The price of dairy milk chocolates in the UK decreased and as such they received an increase in the demand as the good is elastic because there are many substitutes, as a result the price of Kit Kats were considered high and demand fell.  <https://www.theguardian.com/business/2004/feb/19/10> |
| YED - Elastic | Lamborghini’s are an example of elastic YED as income increases in Australia, the consumer is more willing to spend on luxury items such as a fresh new Lambo rather than a 20 year old Peugeot. |
| YED - Inelastic | An inelastic good with YED is Fruit, at lower incomes people will consumer x amount of fruit, however as income increases, they will eat the same amount of apples. |
| PES - Inelastic | Nuclear power- an increase in the demand for nuclear power cannot be met instantly as building a power plant requires many skilled workers and takes a long time.  <https://world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx> |
| PES - Elastic | Firms operating below full capacity, in Australia the holden factory was working below full capacity, therefore as PES is elastic, they can easily increase production to meet the increase in supply. |
| Positive Externalities of Consumption | Advertising campaigns across the world such as the UK to encourage the uptake of a COVID-19 Vaccination  <https://www.bbc.com/news/uk-56187666> > Example of UK’s advertisements  Victorias use of Legislation to make COVID-19 vaccinations mandatory for certain industries, such as education (for teachers)  <https://www.abc.net.au/news/2021-09-22/victoria-records-628-cases-vaccines-compulsory-for-school-staff/100481304>  Quitting smoking (possibly caused by campaigns - reduces the long term health risks of user and passive smokers which is beneficial to reduction in healthcare costs and general society |
| Positive Externalities of Production | Provision of a subsidy to Victorian (Australia) workplaces to encourage them to train new employees or individuals wanting to partake in apprenticeships  <https://www.education.vic.gov.au/training/Pages/boosting-apprenticeships.aspx>  “Employers can receive a 50% wage subsidy to hire new apprentices and trainees” |
| Negative Externalities of production | * Oil companies in the Middle East (UAE) begin to lose money produce less oil - higher prices. This negatively affects taxi companies in Aus who have higher costs for fuel * Australian livestock industries such as cattle farming expand to accommodate more animals - increased CO2 emissions - this can be caused by the government implementing farming subsidies to increase exports * Growing/producing food and vegetables with pesticides causing carcinogens to enter and spread in the environment, impacting the growth and health benefits of other food * Cutting down trees for agricultural land is Southern America (amazon) etc. - environmental impacts |
| Negative Externalities of consumption | Example of NEOC > In the US, at the beginning of the pandemic, there was an increase in alcoholic sales: <https://www.washingtonpost.com/national/health-science/as-pandemic-and-stay-at-home-orders-spread-so-does-alcohol-consumption/2020/04/02/ad41bc3c-7430-11ea-87da-77a8136c1a6d_story.html>   * Increased alcohol consumption acts as a negative externality since it could generate additional drink driving incidents, instigating more external costs to society, or a greater burden to the health care system because of mental health problems.   UK plain packaging laws:  ​​<https://www.theguardian.com/business/2017/may/19/stricter-cigarette-packaging-rules-come-into-force-in-uk>   * Plain packaging laws make tobacco products seem less desirable, thus reducing the demand for the products   POLICY > <https://www.thejakartapost.com/news/2020/02/24/industry-ministry-to-analyze-impact-of-new-taxes-on-sweetened-drinks.html>   * In Jakarta (Indonesia), the Industry Ministry was implementing new taxes on sweetened drinks to help decrease the consumption of sugar * Excise Tax of 1500 Rp ($0.11 US) on any sweetened tea products, and 2500 Rp ($0.18 cents) for any energy drinks, carbonated beverages. * Driving a petrol powered car (emits pollution) * Consuming antibiotics - every time one consumes antibiotics, they create a level of resistance that slowly builds up and nullifies the effect of the medicine. This has negative impacts on healthcare as we constantly have to develop new antibiotics to fight diseases. For this reason, countries may subsidie the development of antibiotics or restrict the amount one is allowed to consume.   <https://www.fda.gov/consumers/consumer-updates/combating-antibiotic-resistance>   * Playing loud music and creating disturbances at night - noise pollution - reduces work efficiency the next day and thus impacts economy * Consuming alcohol (proven to increase risk of accidents and violence and social disturbance) * Consuming cigarettes - passive smoking for people in their vicinity - more resources required to healthcare as smoking provokes illnesses such as cancer |
| Indirect taxes | * 1.2$ tax per cigarettes in Australia * France sugar tax per volume * Ad valem tax on alcohol australia 1.15% |
| Subsidy | * Australia airline industry: Qantas * Australia child care subsidy, encourage child care services, can translate to more production from parents, decreases frictional unemployment * South Korea's subsidy on electric cars, totaling 19million won |
| Advertising | * Australian cigarette packets * Covid-19 Vaccine advertising --> positive externalities for society |
| Consumer tax | * Electricity * Water * gas   Usually progressive, more usage = more tax. Aimed at environmental protection |
| Price floor | * Australia cask wine market minimum of $1.30 per standard drink from 70c, helped to fix the negative externality, however people may look towards substitutes, excess production of cask wine * Price floor for steel in India - disrupted supply chains due to higher price and lower quantity * Price floor for rice market in Myanmar due drop in demand --> price dropped from K24000 to K19000. A price floor of K19500 is set. |
| Price ceiling | * Berlin house market price ceiling on rent, causes shortage --> underground market * China lessens price ceiling on electrical price due to electrical shortage - shortage of electricity leading to economical issues e.g. manufacturing |