



Worksheet 6: Evaluating numbers and changes

Complete the table by giving reasons for and against each statement. The first example has been completed for you.

1 Discuss whether or not a 5% increase in the selling price of a product is beneficial.	
Beneficial	Not beneficial
<ul style="list-style-type: none">• Seller receives higher total revenue if $PED < 1$• Greater tax revenue if an indirect tax is imposed on the selling price• Product may still be relatively more price competitive if competitors' prices increased more• May be a demerit good and its consumption falls	<ul style="list-style-type: none">• Reduced affordability• Product becomes less price competitive• Seller receives lower total revenue if $PED > 1$• Black markets may occur if the product becomes too expensive• May be a merit good, therefore reduces consumption even more• If unit cost also increased by 5%, profit margin doesn't increase

2 Discuss whether or not an increase of the PES of a product with 0.2 is of overall benefit.	
Beneficial	Not beneficial



3 Discuss whether or not a 10% increase in public sector employees' earnings is of overall benefit to the economy.

Beneficial

Not beneficial

4 Discuss whether or not an obligatory increase in the time spent in education for doctors with two years is likely to be of overall benefit.

Beneficial

Not beneficial



5 Discuss whether or not a firm benefits from a 5% decrease in its costs.

Beneficial

Not beneficial

6 Discuss whether or not a 2% increase in taxes is beneficial.

Beneficial

Not beneficial



7 Discuss whether or not a central bank should increase interest rates with 2%.

Beneficial

Not beneficial

8 Discuss whether or not a government should be concerned about economic growth of 3%.

Beneficial

Not beneficial



9 Discuss whether or not a government should aim to achieve 2% unemployment.

Beneficial

Not beneficial

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10 Discuss whether or not a government should be concerned about 8% inflation.

Beneficial

Not beneficial

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11 Discuss whether or not a 4% increase in average incomes in a country is likely to end poverty.

Beneficial

Not beneficial

12 Discuss whether or not an increase in all import tariffs with 2% is likely to benefit an economy.

Beneficial

Not beneficial



13 Discuss whether or not a 5% increase in a country's exchange rate is beneficial.

Beneficial

Not beneficial