



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

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

Beneficial

Not beneficial



**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