

Micro economics homework

[Literature](#), [Russian Literature](#)



Airport Security question one The journalist made three critical economic comments, and the first comment is that no rational security system would discriminate passengers on the ability to pay (Lind, 1). This comment is wrong because airlines operate under the principles of demand and supply. The airport security system is guided by the notion of people getting satisfied with high level of security, and therefore willing to pay more. The rich are in need of an extra security system to serve their needs, and this comes with various costs that the organization has to meet in fixing and buying the concerned machineries and facilities resulting to higher costs on this services.

Another comment the journalist made is that security screening should be shared by the rich and the poor alike. This notion is acceptable since airline companies guided by the principles of profit making by minimizing their costs and thus, they would not agree to this notion. It will be expensive to provide uniform security checks without comprising the quality of their services as a result airline³ companies won't be able to meet the needs of the rich. The best way to do this is by government subsidizing the services offered by these airline organizations therefore sharing costs. This will minimize the operation costs of the organization resulting into equality in provision of services.

The last comment is based on the government interference in making this class based discrimination formal (Lind, 1). This notion is uncalled for since the role of the government is to take care of the economic needs of its citizens equitably. The government can mitigate the rise of discriminative policies in relation to security checks by initiating price control measures in

the provision of such services for the aim of preventing exploitation of the rich through exorbitant air fares and reduction of class based air travel.

However, this move is likely to fail because the American State has a liberal economy where the market determines the prices of goods and services.

Airport Security question two

There are a variety of reasons as to why the airlines offer priority based on frequency of flying, and one major reason is to improve its profits. Airline companies don't care a person's age cluster, femininity or disabilities; their driving factor is the ability of a person to use their services. Therefore they offer incentives with the aim of retaining their clients. By offering priority of its clients through their frequency of flying, the airline companies are practicing the principles of absolute advantage.

This refers to the notion of an airline to produce more at a lower cost of production than another airline company. For example it is cheaper for airline companies to build their brands and extend the growth of their business, through economies of scale by offering these incentives as compared to advertising its services in the print, electronic and social media.

The principles of comparative advantage are also at play from this initiative.

The notion of comparative advantage advocates that a business organization capability of producing services at a lower opportunity cost as compared to another entity. Airline companies are in the business of competing with one another, and to minimize their cost while maintaining efficiency of their services, priority based services on frequency of flying is essential in maintaining their clientele from being taken by rival companies.

Works Cited

Lind, Michael. " Transportation Security Administration." How the rich took over

Airport security. N. p., 22 May 2012. Web. 22 May 2012.

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