

The inelasticity of guns essay sample



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The three chapters that we studied this week highlighted many important principles in the study of Economics. One of those concepts is the concept of elasticity of a good or particularly concerning this paper, the Elasticity of Firearms for Americans. Many factors influence the value of guns to the U. S. citizen. The top two are the Bill of Rights and personal safety, but another of the other idea discussed that would affect gun sales revenue is the possibility of a budding Black Market if there are stricter firearm laws implemented.

Due to increased violence, anti-gun activists, pricing and sales tax, an uninformed economist might view the demand for guns to be completely elastic. My opinion is that the civilian purchase and ownership of guns by United States citizens is moderately inelastic due to the Bill of Rights and for personal protection of one's self, family and property. Though ownership of firearms is regulated by the United States Government with waiting periods and background checks, however private citizens – like those at gun shows and on Craig's List, can sell their hand guns and rifles without these rules limiting who can buy and who can sell and without waiting periods. Many countries around the world have outlawed personal ownership and purchase of firearms, more specifically hand guns and automatic weapons, but these are usually considered one category in many countries and gun ownership is strictly controlled if not altogether prohibited.

According to Heather Rodgers who is the author of Gun Control: International Comparison she lists Japan, Australia and the United Kingdom as leaders in the global community that are fighting for the control of guns and America and Germany as prime examples of what she considers gun ownership gone

bad(Rodgers, 2012). There are multiple reasons that Americans choose to take advantage of their Bill of Rights and own a weapon: For some it is for protection, for others it is to participate in sporting events and for some it is even for work. No matter the reason or no matter the income, firearms are an inelastic good and one that Americans will not forego, even under penalty of law. John F. McDonald (1995) an economics professor with the University of Illinois Chicago created a study in 1995 called An Economic Analysis of Guns, Crime and Gun Control and even as far back as 17 years ago, he could see the how the drive of gun ownership was very important to the citizens of the United States and despite their income, the supply level and other factors, the demand for firearms would be high, as well as the cost but citizens would be willing to pay the price that was demanded.

The premise of his paper is basically stating that the level of crime is what drives the demand market for guns. The United States of American will always have one of the strongest firearms advocates that any country can ever have – the Bill of Rights. Our founding fathers came from oppressed lands. They weren't allowed even basic freedoms so when America won her independence, these new citizens remembered the many acts of their former government(s) and developed a Constitution with a Bill of Rights that listed what they believed should be the basic freedoms of every “ man” that maybe overlooked. The second Amendment guarantees U. S. Citizens, “ the right of the People to keep and bear arms” (Constitution, 1791, P. 1193) There is a developing fear that that right will be violated by the current recently reelected government and that gun sales have jumped 400% since the current POTUS was reelected last November, 2012 according to Ariel

Kirkland (Kirkland, 2012). The Associated Press was quoted stating that similar gun sales activity last year happened when President Obama first came to office (AP, 2008).

Many Americans feared a liberal President may affect their rights Charles Blackwell, a gun shop owner interviewed by Kirkland (2012), believes that in local communities around the country, Americans are now afraid that the laws, rights or just plain gun availability will change. This in turn leads to high demand, low supply, which will most assuredly affect price and the elasticity of firearms. Gun ownership and the consideration of the elasticity of firearms has always been of interest was mentioned earlier when with Mr. McDonalds study. The issue was reenergized on December 14, 2012 at a small school in Connecticut where 20 young children under the age of eight and six teachers were gunned down by a man with multiple guns. Since then there has there been a rallying cry about the pros and cons of gun control, a fear about further gun ownership restrictions and fear that the supply will disappear and in turn this has quadrupled the demand for firearms Mr. Blackwell mentioned earlier that the fear of running out of guns or a change in the laws has motivated many citizens to make sure they get their hands on a firearm with cost being negligible.

In fact with the market for guns so robust at the moment, many cities around the country are hosting Gun Shows. Listed on the Cross Roads of the West website there are approximately 15 gun shows scheduled to take place between now and March 2013 (Cross Roads Gun Shows). Because of the revenue possibilities from gun sales going through the ceiling, many dealers and private citizens are taking advantage of the market and the potential

hysteria that guns will somehow be outlawed. An example of the growing interest was reported on Channel 12 News, Phoenix, AZ, January 12, 2013, that so many local citizens turned out for that evening's Gun Show, the Fire Marshall had to close it down because it was violating the fire code (January 13, 2012: Channel 12, Phoenix, AZ). This is a perfect example of the inelasticity of guns. The economy is still very sluggish, the jobless rate reported by the Bureau of Labor Statistics being 7.8% and still firearms are a hot commodity and not one too many of late are willing to go without (Bureau of Labor Statistics. gov) Another topic that drives the inelasticity of guns is personal safety and has been a major factor since the establishment of the United States of America.

This is protection from rivals, criminals and the wildlife around them. Many people claim that this as their highest priority and the one that is driving them to find a firearm as soon as they can, in case they suddenly become unavailable to most law abiding citizens. Unfortunately, even if guns are outlawed, there will always be a Black Market for firearms where the buyer can get what they want for a pretty steep price and the seller makes such a profit that they are willing to take those large risks are to get the product to the consumer. It is comparable to the illegal drug market. There is money to be made. A former Cop named Curt Bolding quotes, " So here's the bottom line on what you need to know about the black market. If enough people want an item or a service and are willing to pay for it, other people are going to provide it whether it's legal or not" (Bolding, 2000).

Profiteers learned this during the Prohibition Era. Many men lived and died during that time all because of the revenue they were making from an

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outlawed good that everyone wanted. This was also a time that the Mafia came out of the shadows to declare their territory and to eliminate anyone that got in their way (www.mafiamob.com/history). But many were became rich men who never had to work again because of the profits they made from that market of selling illegally desired goods. It is wondered will another crime organization surface to make money from the sales of illegal firearms if the United States passes further laws on privately owned weapons? A simple equation for basic gun elasticity is $\text{Elasticity} = \frac{\% \Delta \text{Quantity}}{\% \Delta \text{Price}}$. The research performed has shown those that equation to look like: $\text{Elasticity} = \frac{400\%}{44\%} = 9.0909$

A simple equation for the Elasticity of Demand is $ED = \frac{(Q_c - Q_p / Q_p)}{(Y_c - Y_p / Y_p)}$ where Q_c is current quantity, Q_p is previous quantity, Y_c is current Income and Y_p is previous income. Using the research available the numbers obtained for this formula may not be an exact amount but they provide a starting point and an idea of whether guns are an elastic or inelastic good. $ED = \frac{(10,800,000 - 8,288,000) / 8,288,000}{(\$50,054 - \$49,413) / \$49,413} = .75$

Because this number is less than one it is considered to be an inelastic absolute value and that is a rough estimate of why firearms are being considered as an inelastic good in the American economy (Baye, 2009).

Though guns have most likely always been more or less an inelastic good that the citizens of this country will purchase no matter the cost or their available income, the elasticity of demand will rise and fall with the current events, the political parties and the crime rates that local communities are

experiencing. It is considered to be an inelastic good in my opinion because like food or transportation, protection and American rights become an item that many aren't willing to give up no matter the cost and though incomes only rose a little bit from the year before it most likely just a little bit more that they are willing to spend on items that are important to them and possibly to their livelihoods.

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