Assignment business economics

Business

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Assignment/ Business Economics

Business economics al Affiliation) Q opportunity cost Opportunity cost is the value of the best foregone alternative in a situation where choice is to be made. In attending school instead of taking a job, the opportunity cost will be that the person will not be able to earn. In riding a bus instead of ones car, the opportunity cost will be that the person will not have privacy when driving.

Q. 2. Elasticity of demand and inferior goods

Elasticity of demand is the show of the response to the quantity of a product that is demanded when there is a change in its price (Sloman and Sutcliffe, 1998). An inferior good is that good that increase in the demand when the income of the consumer increases and reduces in demand when the income of the consumers reduces. Example of the goods include frozen dinners and canned goods.

Q. 3. Market structures

Water and sewage services are in the oligopoly market since only a few firms are doing the services and control the major market shares. Breakfast cereals are categorized in the monopolistic competition structure since the cereals are produced and sold by many firms in the market and each firm gives their own price.

Q. 4. Discretionary fiscal policy

These are policies that are implied by the government above the existing fiscal policies due to the turbulences that occur in the economy (Sloman and Sutcliffe, 1998). Discretionary fiscal policy are related to automatic stabilizers in the terms of the times that the policies are implemented and also the main aim of the application of the policies

Q. 5. Demand pull and cost push inflation

Demand pull inflation is the situation that results in the increase in the price of a commodity due to increase in the demand while cost push inflation is when the prices of a product increase due to the increase in the cost of making the product.

Q. 6. Factors affecting currency demand

The main factors that affect the demand in currency in a country or region is the supply and demand of goods in the region.

Q. 7. Policies in the reduction of structural unemployment

The policies include government training programs, help by the government to locate places where work exist, subsidizing training by the government and inducing of workers to resume their education (Sloman and Sutcliffe, 1998).

Q. 8. Oil prices

The increase in the oil prices cannot be corrected by increasing the money supply as advised since this will result to inflation in the Middle East and the supply of the Oil will not be affected (Sloman and Sutcliffe, 1998). This will also not bring the equilibrium that is desired. The situation can be solved through the introduction of fiscal policies to the oil market.

Q. 9. UK policies

Fiscal policies that have been used by UK in making the citizen comfortable include the government ensuring that there is full employment to the citizen. The multiplier policy that has been implemented such that there is increase in the income in what the citizen get and the increase is given by the government. The monetary policy in the country aims in the using of interest rate and also the other policies to affect the spending and demand of a consumer. Quantitative easing policy also is used which involves the central bank creating money electronically to purchase the financial asserts.

Reference

Sloman, J. and Sutcliffe, M. (1998). Economics for business. London: Prentice Hall.