

Microeconomics

Negative externality of consumption: *Hamburgers → obesity → reduces labour productivity and raises cost of public health care.*

Positive externality of consumption: *Flu jabs. You benefit from them, but so will the people who don't catch flu from you.*

Positive externality of production: *Honey. Bees contribute to flowers and therefore food chain.*

Negative externality of production: *Waste products and pollution cause health risks and global warming.*

Decrease in supply: *Drought, reducing crop yield of cocoa plants in Ghana.*

Increase in supply: *Newly found oil deposits decrease oil prices, hence increasing supply.*

Increase in demand: *Successful marketing campaign for a new soft drink. Changes consumer preferences.*

Decrease in demand: *Moral reasons. Starbucks accused of corruption and tax evasion reduces demand.*

Merit Goods: *Public Libraries*

Demerit Goods: *Alcoholic drinks*

Asymmetric Information: *Ebay seller withholds a clear fault in a car. (Ebay feedback score is a solution).*

Moral Hazard: *Warranties on electronic devices. People less worried about breaking device.*

Perfectly elastic demand: *Tesla provides free car charging. Demand is perfectly elastic at a price of 0 as consumers can consume any quantity at that price level, provided supply permits.*

Perfectly inelastic demand: *Salt. If salt prices decrease, you will not consume more salt. If salt prices rise, you are unlikely to consume less salt.*

Substitutes: *Coke and Pepsi.*

Complements: *Coffee machines and coffee pods.*

Inferior: *Poundland own brand groceries.*

Luxury: *Fine wine*

Necessity: *Bread*

Perfectly competitive market: *Currency Market*

Monopolistically competitive market: *Restaurants.*

Oligopoly: *Computer chips. E.g. Intel, Samsung, Qualcomm, ARM.*

Monopoly: *National rail.*

Price Discrimination: *W.H.Smith charging more for a meal deal in the airport. (Take advantage of an environment with less substitute products).*