

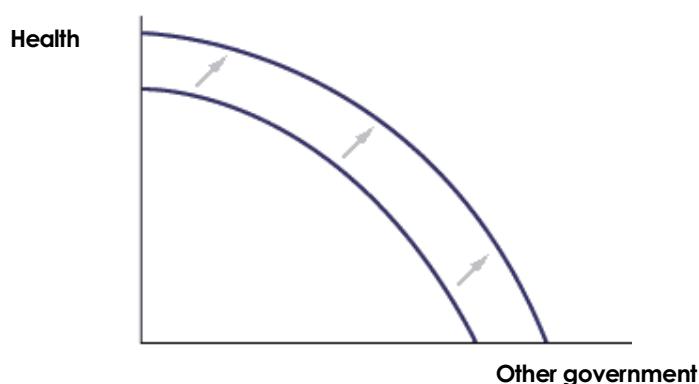
~~Economics~~ → ~~Health~~ Core Questions

1. The demand for health care is increasing for several reasons. One reason why the demand for health care is increasing is due to the overall increase in life expectancy of people in the UK, as people are living longer the population is increasing and therefore more people are dependent on the health care. Another reason why the demand for health care is on the rise is that people are getting richer and therefore wanting and undergoing more cosmetic surgery which is part of the health care. In addition to this, improvements to technology and the range of treatments available mean that more people are seeking a cure thus the demand for health care is increasing. Finally demand for health care is increasing as a result of higher birth rates and immigration which means a population increase. As more people are brought into the UK they all need health care whether it is private or the NHS however there is an increase in demand.

2. The market for health care clearly illustrates the concept of scarcity. Scarcity literally means that economic agents can only obtain a limited amount of resources at any moment in time; in this case the economic agents represent the NHS and the allocation of their resources e.g. doctors, treatments, etc. The want for health care is infinite as people are in constant demand for it in order to live; because if they are in pain or feeling ill they will automatically turn to the health care market. However the resources are limited as there is only a limited amount of doctors, treatments and appointments available to offer in contrast to the number of people in demand for them therefore this shows the concept of scarcity. The resources are scarce while the wants are infinite and consequently representing the basic economic problem.

3. The production possibility curve in figure A is a curve because it illustrates the principle of increasing cost. As more of one product is produced: in this case healthcare the larger amounts of the other product must be given up. The curve shape of the production possibility frontier is due to the presumption that the economy's resources are not well suited to the production of both goods. Economics constantly struggle to reach an optimal production capacity and due to scarcity it forces the economy to choose one choice ahead of another, the slope of the production possibility frontier will always be negative, if health care increases other government services will decrease. Another reason why the production possibility frontier is a curve is because some resources (factors of production) are better suited for the health care in contrast with other government services. As the production of health care increases, resources better suited to the production of other government services must be directed. However experienced doctors are not necessarily good politicians and vice versa. Therefore the opportunity cost increases as one moves towards either extreme on the curve of the production possibilities. A straight line occurs when the resources used to produce good Y are equally well suited for the production of good X and the economy uses all of its resources to produce both.

There effect of more resources being made available for both health care and other government services is an increase in output possibilities and therefore an improvement in economic welfare as well as economic efficiency. ▲ Also an outwards shift in the production in the production possibility frontier signifies an expansion of a country's productive potential in other words long term economic growth. ▲ An increase in resources being made available for both health care and government services means increase in output which provides positive satisfaction to the consumers i.e. public.



5. There are different views to the possible opportunity cost of more plastic surgery being undertaken by the NHS. If more plastic surgery is being undertaken by the Nation Health Service then there could possibly be a large opportunity cost because it will allow certain victims to live a normal life e.g. those who have been burnt in fires or lost limbs in war. This could provide a huge benefit to these sorts of people whose lives have changed due to accidents and things beyond their control more plastic surgery will help these people and could potentially save lives. ▲ Another reason why there could be a possible large opportunity cost from more plastic surgery being undertaken by the NHS is that it will provide more jobs which means less unemployment and the educational industry will benefit.

However the introduction of more plastic surgery could possibly have a very small opportunity cost and can be said to be a waste of valuable resources if used for the wrong reasons. If it isn't providing any help and is being exploited by people for cosmetic reasons and not for health purposes then the resources are being wasted and can be put to better use. ▲ Another way it could be a small opportunity cost is if the extra plastic surgeons and equipment are not used to their maximum capability and therefore the resources can be put to better use either in other services or other aspects of health care.