

Unit 2 Policy Building: Market Failure

<p>Building a Policy Response</p> <p>NB: the policy can be expressed in a range of policies or measures (interventions) that the government/regulator can apply to solve the problem</p> <p>NB 105 minutes for paper. 52.5 minutes per question. 10/30 marks for policy paper then you have a maximum of 17.5 minutes to answer each of the policy question on HP 3</p>	<p>Topic: Unit 2.8</p> <p>There is a connection with Market Failure (externalities). Overconsumption and the concept of a 'demerit; good.</p> <p>Note: the answer does not have to focus on the market overconsumption so simply consider alternatives that the government can implement to reduce the over consumption.</p>	<p>Use the data provided + your own knowledge to build the policy (see NB comment opposite) and write the policy on the relevant page below.</p>
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TASK (exam question HP 3): Using the data provided and your knowledge of economics, recommend a policy which the New Zealand government could introduce to address the over-consumption of sugary drinks.

Planner

<p>A) Plan briefly the data/evidence in this column from the sources below that you will use in your policy statement. Use bullet points to record your information.</p> <p><u>Useful evidence: bullet point here:</u></p>	<p>B) What knowledge /theory can you use from the course to help make the policy statement more valid? (Any valid theory or concept that should be in the policy statement?)</p> <p><u>List items here:</u></p>	<p>C.1) Produce a brief powerpoint presentation on one slide containing the main points + justification for the policy you have designed.</p> <p>Or</p> <p><u>C.2) Summarize your Policy here in bullet points:</u></p>
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The data in **Table 4** and **Table 5** provide information on the prevalence of diabetes and sugar consumption in New Zealand.

It has been argued that a major cause of type 2 diabetes is excessive consumption of sugary drinks and that over 25% of sugar consumed by children in New Zealand comes from sugary drinks.

Table 4 provides information about the prevalence of diabetes by age and ethnicity in 2014.

Table 4

	Age (years)				
	0–24	25–44	45–64	65–74	75+
Māori (%)	0.35	3.7	14.2	27.9	29.6
Pacific peoples (%)	0.36	7.0	29.7	52.5	48.8
Asian (%)	0.14	3.1	13.5	29.7	34.4
European/other (%)	0.44	2.0	6.1	13.6	17.9

Table 5 provides information about weekly soft drink consumption among the youth in New Zealand (2007).

Table 5

	Times per week		
	0	1–3	4+
Māori (%)	20.0	40.9	39.1
Pacific peoples (%)	16.1	35.1	48.8
Asian (%)	31.8	43.7	24.5
European/other (%)	27.5	49.6	22.9

