

Economics Induction Task 2024

An economic article for the school's Economics Review

Select **one** of the three following news items that have economic implications or may be considered a 'cause' of an economic issue. Examine the economic significance and relevance of your chosen article – why is it important to economists?

Suggested Structure

Research - You will need to research this issue in the context of the news article but also using information from other sources or other examples of the economic issue. This will be the foundation of the task.

Introduction – What is the issue in your chosen article and what economic concepts are highlighted

Arguments – what are the benefits and/or costs associated with the issue. What problems might there be, and what causes these issues – how serious are they – can you suggest a way that they might be overcome? Examples of similar circumstances or events. The implications for Consumers, Tourists, Employees, Local/Regional populations, Businesses, the Government or Environment

Conclusion – having looked at the matter, can you reach a considered judgement as to the degree of success/the importance or significance of the issue? How important is it? Can we learn and apply the arguments to other issues or problems? Examine the arguments or effects carefully and criticise/discuss limitations or qualify these in your summary.

Other points

- This is effectively an economic article or essay. It should be written in continuous prose. You can use tables/graphs/data if you wish but do not copy and paste huge amounts of information from the internet.
- No longer than 2 sides of A4.
- Please check your finished essay for spelling, punctuation and grammatical accuracy.

A) Venice's new €5 entry fee explained



Where did idea for the entry fee come from?

In 2019, the Italian government approved a proposal submitted by Venice's municipal government for the introduction of an "entrance contribution fee" of €5 for day trippers. The aim was to make some day trippers reevaluate their travel plans, with the idea partly inspired by small Italian islands like [Ponza](#) that charge a disembarkation fee.

The proposal was put aside during the pandemic and recently resumed. Starting in spring 2024, Venice's municipal government will test the new fee during a trial period. According to Venice city councillor for tourism, Simone Venturini, this trial will allow policymakers to experiment with the tax, with the ultimate goal of making it permanent.

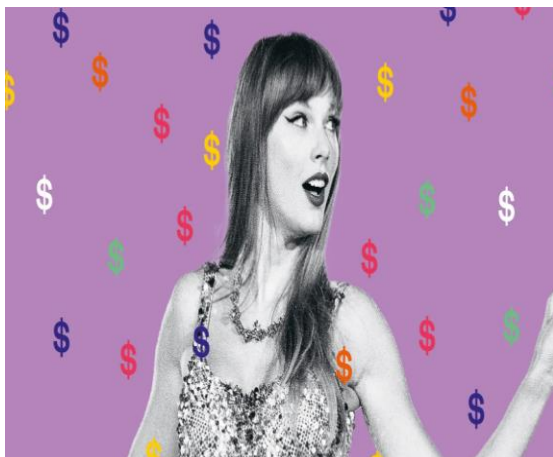
When does the trial period start and what are the dates?

Venice will select 30 dates, starting in spring 2024, to apply the entry fee. They have not yet been announced but will coincide with peak tourism periods to deter people from coming during particularly busy days.

"We will test out the fee during days of peak travel affluence like Easter weekend," said Venturini.

Source: <https://www.bbc.com/travel/article/20230928-venices-new-5-entry-fee-explained>

B) This is what happens to a local economy when Taylor Swift comes to town



Taylor Swift's Eras Tour – which officially arrives in the UK this week starting with a three-night run in Edinburgh – is a statistician's fever dream, with eye-bulging numbers raining down like a ticker tape parade.

Pollstar, the live music business publication that tracks concert revenues, had already hailed it as the first billion-dollar tour for its US leg (running intermittently from March to August last year) where she sold 4.3 million tickets, with an average price of \$238 (£190). Each show (typically to audiences of 72,000 people) grossed around \$17m (£13.5m). Then add in \$200m

(£160m) in merchandise.

This is all money that will go to the multiple business entities around Taylor Swift (the venues, the promoters, the ticketing companies, the merchandise companies) as well as, of course, to Swift herself.

That is, however, just one part of the wider economic repercussions of a tour on this scale by the biggest solo artist in the world. The macro-economic impact – essentially the money fans spend on things that do not go directly into the bank account of Swift Inc, such as travel, accommodation and food – is staggering.

Time projected in August 2023 that Swift's tour could "generate close to \$5bn in consumer spending" in the US. It mapped out the scale, suggesting that typically every \$100 spent on live shows means \$300 in ancillary local spending (notably travel, food and hotels); for Swift's tour that ancillary spending per fan ballooned to \$1,300-1,500.

Measuring the economic impact of her tour has become a competitive sport for analysts. Her four Tokyo shows, to 220,000 fans, in February added ¥34.1bn (£183m) to the Japanese economy according to a report by the Economic Impact Research Laboratory.

Each city she stops at is seemingly granted an economic jackpot. This is not trickle-down economics; this is Niagara economics.

Ryan Herzog, associate professor of economics at Gonzaga University, told CNBC, "She is in and of herself an economic event." It is likely this tour will be a case study on economics degrees for years to come.

The tour has also become a hot-button issue in geopolitics. In early March, Swift performed six shows at the Singapore National Stadium, her only dates in Southeast Asia.

Srettha Thavisin, the PM of Thailand, claimed Taylor Swift was offered subsidies of \$2-3m per show to make her Singapore performances a regional exclusive. The Singaporean government disputed the amount, but did not outright deny the accusation of exclusivity economics. Erica Tay, director of macroeconomic research at Maybank, estimated the shows would boost the country's economy by S\$500m (£293m).

Source: <https://www.bigissue.com/culture/music/taylor-swift-eras-tour-economy-swiftonomics>

C) Unemployment: Who are the millions of Britons not working?

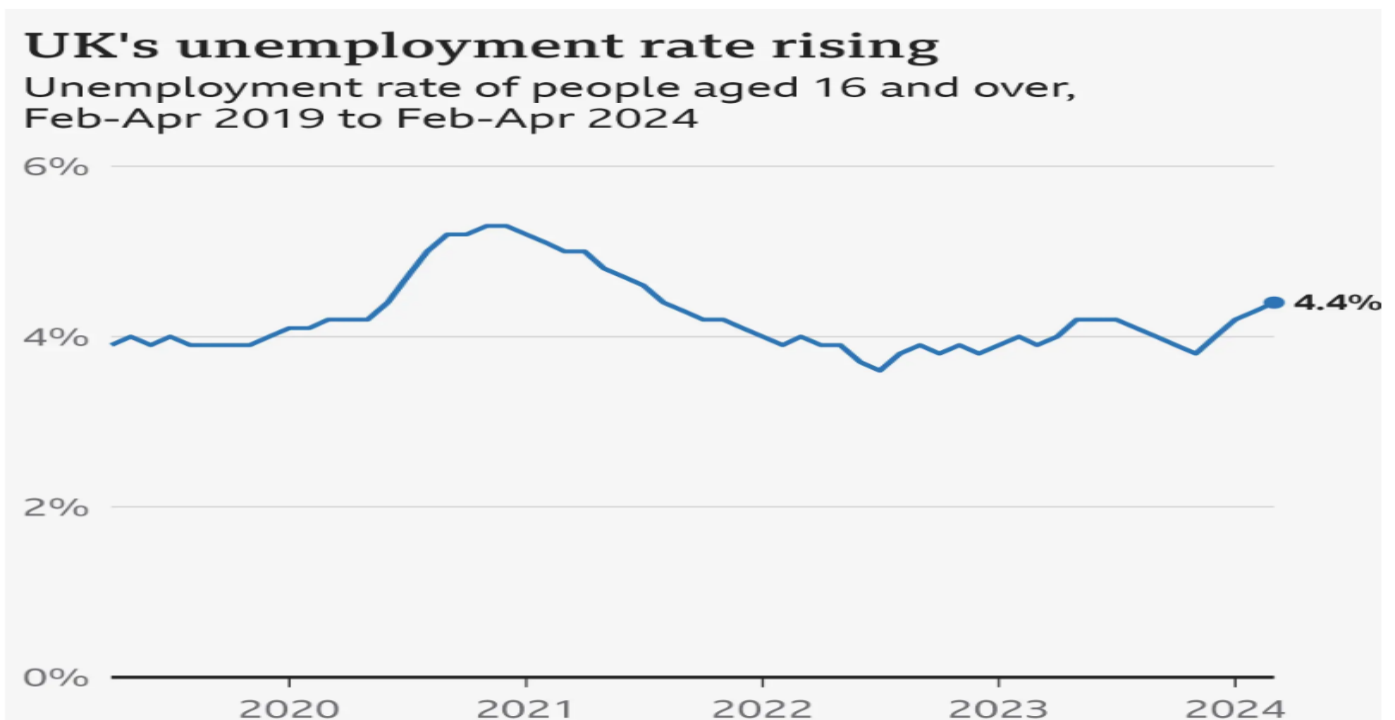
About a quarter of people of working-age - nearly 11 million people - do not currently have jobs.

In his March Budget, Chancellor Jeremy Hunt set out a series of measures designed to encourage people to find work, or increase their hours.

How many people are unemployed?

According to the Office for National Statistics (ONS), **4.4% of people were unemployed in the period between February-April 2024**, up from the previous figure of 4.3% and **the highest rate since September 2021**.

That's about 1.5 million people.



While there has been an increase in recent months, unemployment remains relatively low historically.

But the unemployed represent only a small part of the nearly 11 million working-age people (aged 16-64) who were not in a paid job in 2023.

About 9.4 million of them are not called "unemployed". That is because they were not actively looking for work, or available to start a job.

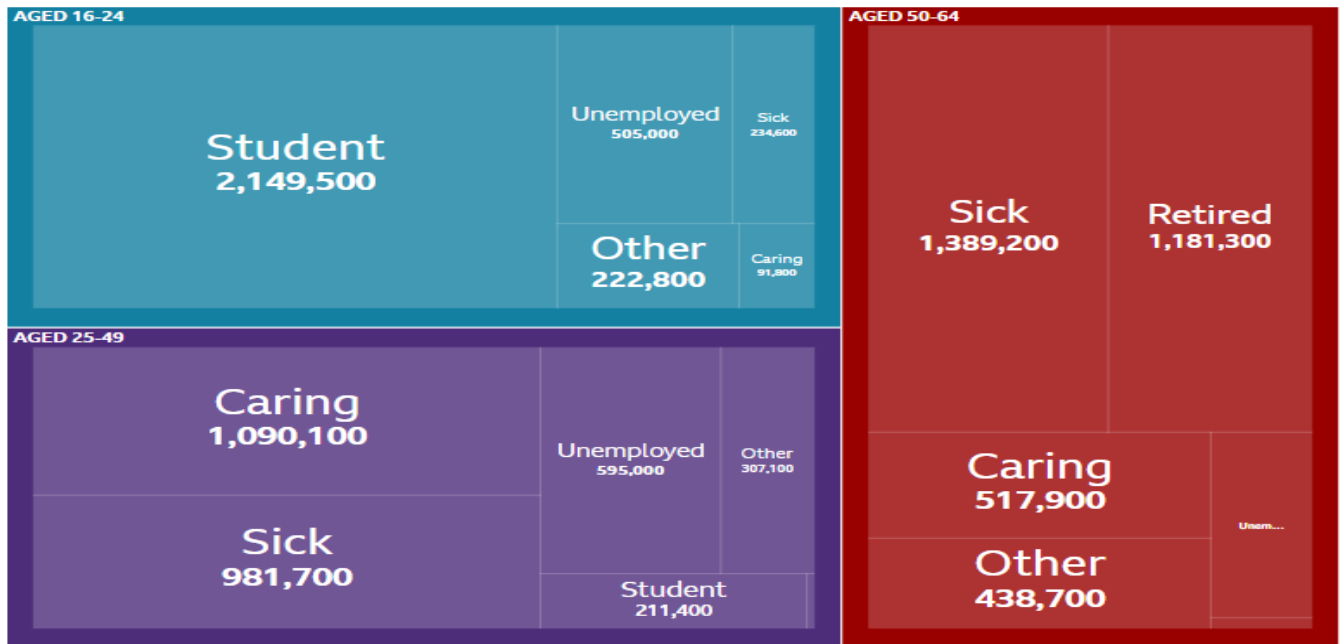
Instead **these people are called "economically inactive"**.

In fact, more of them said they wanted a job (1.7 million people) than are officially unemployed (1.44 million).

Reasons people are not in work

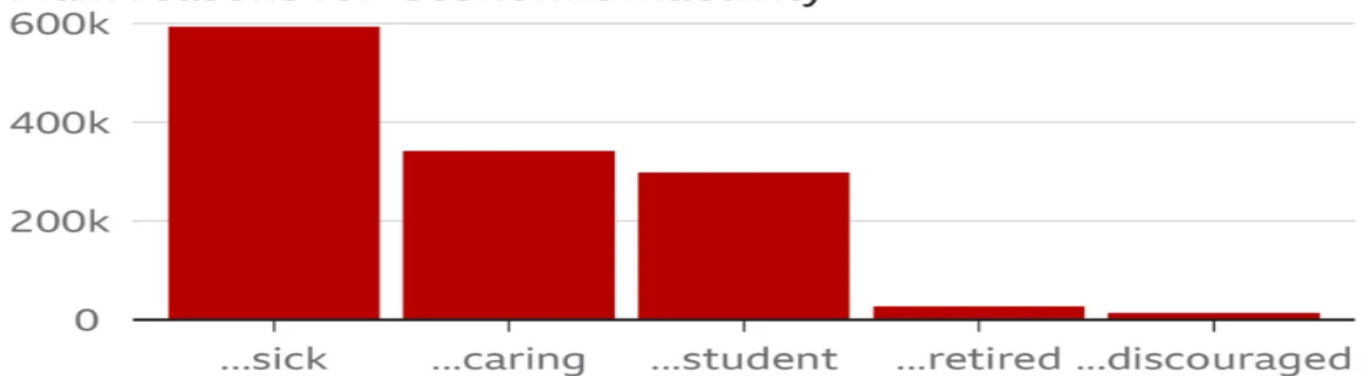
Everyone Wants a job Does not want a job

■ Aged 16-24 ■ Aged 25-49 ■ Aged 50-64



I want paid work but I'm...

Main reasons for 'economic inactivity'



'Other' reasons for economic inactivity were given by 280,000 people

How does the UK compare with other countries?

The UK's "inactivity" rate is back up to the levels seen in 2015.

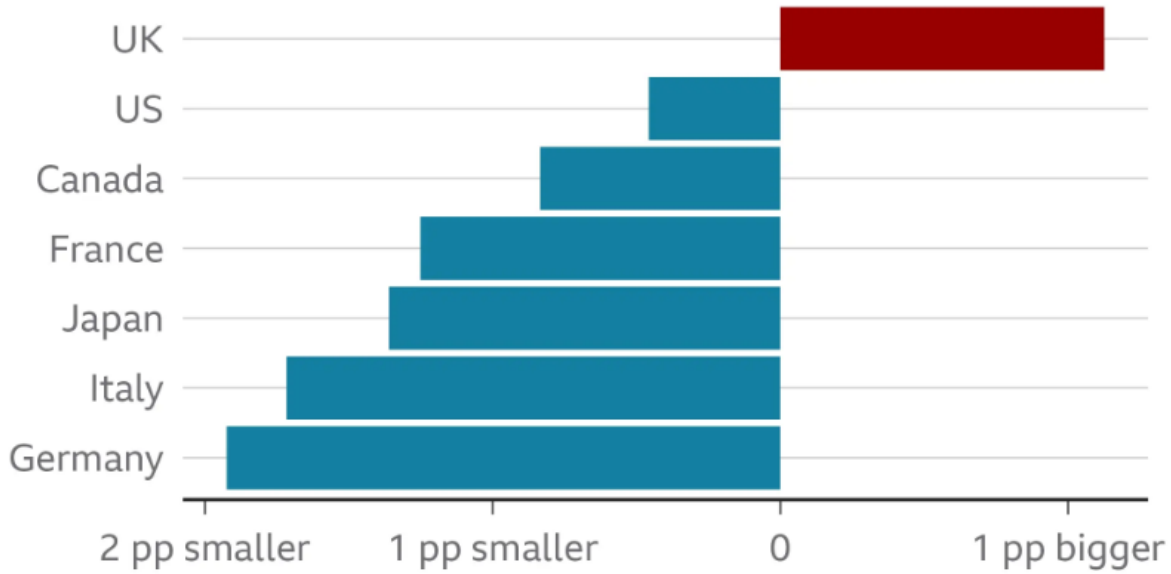
It is low by historical standards, as each decade more and more women have been joining the workforce. But the recent trend is unusual.

During the Covid pandemic, all major countries saw their workforce shrink.

But while the other leading economies have since recovered, the UK still has more people out of its workforce than in 2019 - by over 1% of the working-age population.

UK's inactivity increase stands out

Change in economic inactivity rate (percentage points)



Change from Dec 2019 to Dec 2023

Source: ONS data on 'G7' group of leading advanced economies.



Source: <https://www.bbc.co.uk/news/business-52660591>