

The red kidney beans economics essay

[Economics](#)



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Introduction This assignment was based on Red Peas Rival! This project will tell you a little about our country's economic status at the moment. I got this article out of a Sunday gleaner in August of 2012. According to (Plunkett, 2012) JAS, government is trying to increase local production to reduce the massive importation of red kidney beans. This project will help to know and understand the economy's production crisis. It will state the problem or issue that we face as an economy and why do we think it's an economic problem, use of theories to explain, recommendations of economic concepts that could be used to correct these issues or problems and to tell the benefits of applying economic concepts. I must say this assignment was a very challenging one as I didn't know what to do or understand what it was that was to be done. Thanks to all who had helped me and also to Miss Quarrie for being patient with us, taking all the time it is just to make us understand.

Outline what the problem or issue is and why you consider it to be an economic one.

The red kidney beans, also known as red peas, a staple in Jamaica is a contributing factor that is responsible for a portion of the country's import bill. These are found in restaurants, roadside and fast-food places and also in homes as well. In 1993 the country was producing as much of the red peas it consumed and exported. Over 90% of stable or imported red kidney beans are imported today in Jamaica, as fewer farmers dare to challenge the 'lucrative' product market. The imported red peas has driven many local farmers out of the thriving industry, thus, leaving the market open for traders who import the product from around the world. Importation of red peas will contribute to a high import bill. Importers need foreign currency to

pay for goods and services, this causes the importers to source foreign currency to pay the overseas suppliers for the import. This actually put a strain on the limited foreign currency available within the island. It would be prudent for us to encourage people to produce these items locally rather deplete our scarce foreign currency reserve. This situation causes a lack of job creation, planting peas locally will actually create jobs within the agricultural sectors and it will reduce unemployment in the rural parishes. In effect it will also help to reduce the unemployment level and crime within Jamaica. The importation also causes our local supply to be sold at a very high cost, while the imported peas are sold at a low cost to consumers. Here you see where the importers get special duty rate or no duty at all on their imports because special custom regulations which are apply to their imports.

Review economic theories or models pertaining to this problem or issue (what does expert or theorists say concerning this issue or problem).

Supply and demand focused on the classical economic side of the economy. Production creates income and job creation and local production will be sold at a lost cost to consumers which in turn provide enough purchasing power to purchase all the goods being produced, no more and no less. The critical assumption in this theory is that there is no hoarding and income stays in circulation. In this model, excess supply in one market must be balanced with excess demand in another; there can be no such thing as economy-wide excess supply. A shift in relative demand will result in changes in relative prices; if one good is more desirable it will rise in price, while less desirable goods will fall in price. The aggregate price level will not change. The supply

and demand theory view of the economy begins with the labor market. Profit maximizing firms hire labor up to the point where the marginal revenue product, or the additional revenue gained from one extra unit of labor, equals the wage rate. (In real terms, the real demand for labor is its marginal productivity. In supply and demand thought, the labor market determines employment. At the equilibrium wage rate, everyone who wants a job will have one. Unemployment occurring in one sector of the economy was the result of a change in consumer demand away from that sector's products towards another sector's products. Unemployment is a sectoral problem and exists when people choose not to work for low wages. Widespread unemployment simply should not occur, according to the demand and supply theory. Labor unions interfere with the economy's movement towards full employment because they push up wages and make workers less willing to relocate for new work. Over time though, unemployment should disappear.

Recommend economic concepts or interventions that could be employed to correct this problem/ issue, for the Jamaican context

The invisible hand theory demonstrates a balancing act between self-interest and competition, as well as the supply and demand of goods and services. Microeconomics focuses on the individual parts of the economy. It takes into account the decision making of households and businesses and how they interact in specific markets. There are always opportunity costs to be considered. The cost of any action is measured in terms of foregone opportunities. Rational people and businesses compare marginal costs to the

marginal benefits in making their decisions to consume or to produce. Economists refer to this behavior as marginal analysis. Efficiency is maximizing the benefit of resources used and considering what best satisfies at the least cost. Elasticity and scarcity are concepts that describe the vulnerability of goods, services and wealth. The most basic economic concept is the rationalization that humans have an unlimited amount of wants and that there will always be limited resources to fulfill the demand. This concept is called scarcity. Elasticity is the measure of change on the supply and demand when a variable is introduced that affects the balance of exchange. The variable that creates the elasticity response can be a shortage of one or the other, a mere rumor or speculation of a change, a monopoly of control, or a number of other things that cause a shift of something in proportion to another. Agriculture is the foundation of developing economies. As one of these economies, Jamaica needs to ensure a healthy agricultural industry that contributes to the country's gross domestic product (GDP), food security, job creation and ecotourism, while adding value to raw materials. But the health of the agricultural sector depends on the sustainability of farming methods. Farming practices must therefore not only protect the long-term productivity of the land, but must also ensure profitable yields and the well-being of farmers and farm workers. Jamaica is a rich and diverse country when it comes on to agriculture. It has a vibrant cultural diversity and a spectacular range of vegetation types, biodiversity, climates and soil types. The country can be divided into distinct farming regions, and farming activities range from intensive crop production in rainfall and high summer rainfall areas, to cattle farming, chicken rearing, egg production and goat farming in the more arid

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regions. Jamaica population is growing at almost .02% per year I assume. The population of 2.7 million in 2011 is expected to grow to 5.2 million by the year 2035. Food production or cultivation must more than double to feed the expanding population and production needs to increase using the same or fewer natural resources. In addition, the demand for certain food types will shift. Jamaica's have already shown interesting changes in food consumption since the 1990's. This will allowed a shift from staple grain crops to a more diverse diet. Jamaican's have shown a decrease in the consumption of the staples maize and bread, and have massively increased their annual consumption of chicken, fish and vegetable per person. Interestingly, the per capita consumption of fruit and vegetables has remained constant, while beef, mutton, pork and milk consumption has declined. Jamaica requires a more sustainable approach, or the welfare of our nation both current and future generations is at risk. Mismanaged of agricultural industrialization and intensification could compromise food safety and increase unemployment and environmental degradation. Jamaica needs to change the way land and water resources are managed, so that their long term productivity is optimized and sustained to contribute to the economic and social wellbeing of all. We all need to ensure a safe and high quality supply of agricultural products in which it will be able to let us export more to other countries world-wide. Safe guarding the livelihood and well being of farmers, farm workers and their families. Maintain healthy, functioning agricultural ecosystems rich in biodiversity.

What are the benefits of applying the economic concepts above? (benefits should be practical and relate to the Jamaica context).

The benefits we are getting in Jamaica are that our Jamaican dollars will start to gain value against the other currency. Stop importing of goods that we can grow will enhance the increase employment. Agriculture production will definitely create more jobs for the young people are leaving schools and not been able to get into college to further their education and also the educated will be able to start their own employment base for individual and also to take the massive street kids off the streets. The concept of costs and benefits encompass a large area of economics that has to do with rational expectations and rational choices. In any situation, people are likely to make the choice that has the most benefit to them, with the least cost, or, put another way, the choice that provides more in benefits than it costs. This extends far beyond financial transactions. University students perform cost benefit analysis on a daily basis, by focusing on certain courses that they believe will be more important for them, while cutting the time spent studying or even attending courses that they see as less necessary. Of course, everyone knows someone who has seemingly made a poor life choice. Although people are generally rational, there are many, many factors that can throw our internal accountant out the window. Advertising is one that everyone is familiar with. Commercials tweak emotional centers of our brain and do other clever tricks to fool us into overestimating the benefits of a given item. Some of these same techniques are used quite adeptly by the lottery, showing a couple sailing a yacht and enjoying a carefree life.