

# Free essay on least cost theory

[Business](#), [Manufacturing](#)



**Problem #1.**

We have to calculate all 4 possible positions of the finish product manufacturing and compare them all.

$$\begin{aligned} TR1 &= 0\text{km} \cdot 25\text{km} + 60\text{km} \cdot 1.50\text{km} + 70\text{km} \cdot 60 = 90 + 42 = 132 \\ TR2 &= 60 \cdot 0.25 + 0 \cdot 1.5 + 90 \cdot 0.6 = 69 \\ TL &= 40 \cdot 0.25 + 45 \cdot 1.5 + 25 \cdot 0.6 = 92.5 \\ TM &= 70 \cdot 0.25 + 90 \cdot 1.5 + 0 \cdot 0.6 = 152.5 \end{aligned}$$

**Hence, the best location of the finish product manufacturing is at the point R2.**

Problem #2. The table is given in the . xls document. From that table we record only the data mentioned in conditions (on specified years):

As we may see the goods producing sector remains approximately on the same level by years, slightly growing in the last 15 years. But the services producing sector has significantly grown from 1977 to 2013. There was no even a year when it decreased, the growth was observed in each year.

Problem #3. The data is collected and given in the . xls file. Now fill the table:

d. The top three industry sectors are manufacturing, trade and health care and social assistance in 1976. The top three in 2013 are trade, health care and social assistance and professional, Manufacturing. The bottom three in 1976 are Forestry, fishing, mining, oil, and gas, Professional, scientific and technical services and Information, culture, and recreation. The bottom three in 2013 are Agriculture, Forestry, fishing, mining, oil, and gas, Information, culture, and recreation.

e. Calculations are performed in Excel. The largest percentage increase in employment between 1976 and 2013 in Canada was in professional,

scientific and technical services. The largest percentage decrease was in manufacturing sector. That's why we can say that the goods-producing sector decreases the number of employed workers and the services production sector increases its employment. We can say that British Columbia is very similar to all of Canada in 2013. The most significant difference is in manufacturing (9.78% in all Canada and 7.08% in British Columbia) and in accommodation and food services (6.38% in all Canada and 7.53% in British Columbia).

- Some literature suggests that, nationally and internationally, we are witnessing a disappearing middle in the labour force. In other words, the number of high-paid professional jobs is increasing, as are the number of relatively low-paid service jobs, and there are fewer "middle-class" or blue-collar jobs. Do the statistics above suggest that this trend appears to be evident in the Canadian economy?

Yes, the statistics above completely supports this claim because we can see that the amount of employees is increasing in services sector and decreasing in manufacturing sector.