Microeconomic analysis essay sample

Economics, Microeconomics

Question 1 (5 marks, 200 words)

(a) Thomas Malthus reasoned that because the amount of land is fixed, as population grows and more and more labour is applied to land, the productivity of labour in food production would decline, leading to widespread famine. Malthus's prediction failed to materialise as advances in technology greatly increased labour productivity in food production. Do such technological advances contradict the law of diminishing marginal returns?

(b) Why do you think the motorcar production exhibits strong economies of scale but not the trucking (haulage) industry?

Question 2 (5 marks, 200 words)

Since the peak in 1976, per capita beef consumption in the United States has fallen by almost 30 per cent. Assuming that beef producers operate in a perfectly competitive market: (a) Using firm and industry diagrams, explain the short run effect of declining demand for beef. (b) Using firm and industry diagrams, explain the long run effect of declining demand for beef. Question 3 (5 marks, 200 words)

Many boats are made of fiberglass, which is derived from petroleum. Suppose the price of oil rises (assume that boat producers operate in a perfectly competitive market): (a) Using diagrams, explain what happens to the marginal cost, average variable cost and average costs curves. (b) What happens to the profits of boat builders in the long run? Explain. Question 4 (5 marks, 200 words)

After an economics lecture one day, your friend suggests that taxing food would be a good way to tax revenue because the demand for food is quite

inelastic. (a) In what sense taxing food is a ' good' way to raise tax revenue? (b) In what sense is it not a ' good' way to raise revenue?

Marking Reference

Grade (%)

Criterion

80 – 100

Demonstrate thorough understanding of the relevant concepts. Information from appropriate sources is integrated with analysis. Information is accurately referenced using Harvard System, including in text referencing if applicable. Demonstrated ability to draw conclusions with appropriate justifications. Explanations are clear and concise. Well formatted, edited, and minimal grammatical and spelling errors. Timely submission.

70 – 79

Demonstrate good understanding of the relevant concepts. Information from appropriate sources is integrated with analysis. Information is accurately referenced using Harvard System, including in text referencing if applicable. Demonstrated ability to draw conclusions and attempts some justification for position with explanations. Formatted and edited to good standard, minimal grammatical and spelling errors. Timely submission.

60 – 69

Demonstrate above average understanding of the relevant concepts.

Information from appropriate sources is integrated with some analysis.

Accurately reference resources using Harvard System, including in text

referencing if applicable. Timely submission.

50 – 59

Demonstrate limited understanding of the relevant concepts.

Can identify argument/position in text but no attempt at evaluating

argument. Information from appropriate sources is integrated with minimal

analysis. Accurately reference relevant resources using Harvard System,

including in text referencing if applicable. Late submission.

40 – 49

Shows little evidence of understanding of the relevant concepts. Submitted

the assignment with differing formatting and font from different contributors.

No effort of editing is made, with consistent grammatical and spelling errors.

Overall poor quality writing, with insufficient description of text. Incorrect

references, with no evidence of consulting the recommended sample

Reference list of Harvard System if applicable.

0 – 39

Does not show an understanding of the requirements of the task or

assignment is not submitted at all. Extensive evidence of plagiarism.