

Microeconomics assignment

[Economics](#), [Microeconomics](#)



Microeconomics because it looks at economic problems faced by individual within the overall economy. . The effect of a change in the price of Coke on the purchase of Pepsi Answer to B. Microeconomics because it is the study of decisions that people and businesses make regarding the allocation of resources and prices of goods and services. C. The impact of a war in the Middle East on the rate of inflation in the United States Answer to C.

Macroeconomics because it looks at economic problems faced by a nation as a whole. D. Factors influencing the rate of economic growth in Canada Answer to D.

Macroeconomics because it looks at economic problems faced by a nation as a hole. E. Factors influencing the demand for tractors Answer to E.

Microeconomics because it looks at economic problems faced by individual units within the overall economy. F. The impact of Federal tax policy on national savings in Canada Answer to F. Microeconomics because it is concerned with the interaction between individual buyers and sellers and the factors that influence the choices made by buyers and sellers g. The effect of pollution taxes on the Canadian lumber industry Answer to G.

Microeconomics because It is mainly interested in the decisions of individuals nickering using their own limited resources for their Cost of Living and the impact of those decisions on the demand and supply of specific goods or services. H. The amount of competition in the Canadian cable television industry Answer to H. Microeconomics because it deals with a small industry and not something that is national. Microeconomics Assignment 1 By odometer I. Macroeconomics because it is dealt within a nation. J. The impact of deregulation on the banking industry Answer to J.

Macroeconomics because it is also dealt nationally. 2. The Consumers

Budget Lines: See pages 9 and 10. Suppose you won \$15 on a Lotto Canada ticket at the local 7-Eleven and decided to spend all the winnings on candy bars and bags of peanuts. The price of candy bars is \$0.75 and the price of peanuts is \$1.50. 20 Marks Total a. Calculate 6 combinations of candies and peanuts you may purchase with \$15 and Construct a table as shown below showing the alternative combinations of the two products that are available, i.e. The trade-offs.

Check to make sure you spend the \$15 in each combination. 4 Marks

Consumption Table: Calculate 6 Alternative combinations. Plot these combinations. Goods c Candy bars axis (Vertical) 8 12 16 20 Bags of peanuts " X" Axis (Horizontal) 10 6 2 b. Using the 6 combinations points above, plot a graph with axis and " X" axis, and clearly label each point on the graph as per your table. Show it as a budget line on a graph. 4 Mark (See Figure 1.1 page 9) i. Define the " Slope of a line". See page 28. What is the value of the slope of the line you have drawn?

Is it a positive or a negative slope? 2 Marks Answer to i. The " Slope of a line" is the ratio of the vertical change (the rise or drop) to the horizontal change (the run) between any two points of the line, or " rise" over " run. It is a negative slope. Candy bar? (You may divide the packages). 2 Marks Answer to ii. The opportunity cost of one more candy bar is h of a bag of peanuts. iii. What is the opportunity cost (what you must give up) to get one more bag of peanuts? 2 Marks Answer to iii. The opportunity cost of one more bag of peanuts is 2 candy bars. v. Do these opportunity costs rise, fall, or remain

constant as each additional unit of the product is purchased? 2 Marks Answer to 'V. These opportunity costs are constant. Comparing any two of the consumption alternatives for the two goods. C. How, in general, using economics, would you personally decide which specific combinations of candy bars and bags of peanuts to buy? Which one would you choose? (Read about " Purposeful Behavior" and Costs versus Benefits, read pages 3, 4 and 5). 2 Marks Answer to C.

Individuals look for and pursue opportunities to increase their utility, the pleasure, happiness or satisfaction obtained from consuming a good or service. D. Now, suppose that you had won \$30 on your ticket, not \$15. Show the \$30 budget line in your diagram. Why would this \$30 budget line be better than the \$15 budget line? 2 Marks Answer to D. . State the four specific assumptions upon which the production possibilities curve based? 4 Marks Answer to A. B. Based on the above production possibility curve: I. Which points indicate what the economy can currently produce?

Why? Answer to I. Point D it. Which point represents the maximum possible production of tubas? Why? Answer to II. Points Band E. Iii. The economy CANNOT produce at which point or points? Why? Answer to III. Points A and C because we do not have enough existing resources. Iv. Which point or points are efficient? Why? Answer to 'V. Point D. V. Which point or points are inefficient? Why? Answer to V. Points A and C. 10 Marks 3. Impact of events on the Economy: (Read Page 18, and study Figure 1-5, before doing this question. Explain (Using words), AND illustrate (With free-hand drawn production possibilities curves) how each of the following developments

would affect the location and movement of a country's production possibilities curve. In each case show and label the " Current Curve" and the " Future Curve" or " Point" as the case might be (Use Fig. 1-6 as an example). 6 Marks

a. The quality of college improves. 2 Marks

b. A new technique improves the efficiency of extracting iron from ore. 2 Marks

c. A devastating earthquake destroys numerous factories and other production facilities. 2 Marks

Check!

In each case did you provide a drawing? Did you explain using words? You need to do this to get 2 marks for each part of the question!

4. Opportunity Costs: Production Possibilities for Tolland are as follows:

Dolls	Fire Trucks
300	200
350	350
450	450

a. Define " Opportunity Costs". 2 Marks

Answer to A. The cost of an alternative that must be forgone in order to pursue a certain action. Put another way, the benefits you could have received by taking an alternative action.

B. What is the opportunity cost to Tolland when it increases the reduction of dolls from 200 to 300? 2 Marks

Answer to B.

The opportunity cost is 100 Fire Trucks.

5. The Circular Flow Diagram:

a. What are the four general categories of economic resources? 2 Marks

Answer to A. Markets for Goods and Services, Households, Markets for Factors of Production, and Firms.

B. Are economic resources the same as factors of production or inputs to production? 1 Mark

Answer to B. Factors of Production, resources, or inputs are what is used in the production process in order to produce output? that is, finished goods. Therefore they are not the same.

C. Which arrow shows the flow of goods and services? Why? 2 Marks

Answer to C. Arrow C

d. Which arrow shows the flow of spending by households? Why? 2 Marks

Answer to d. Arrow D

e. Which arrow shows the flow of the

factors of production? Why? 2 Marks Answer to E. Arrow B f. Which arrow shows the flow of income payments? Why? 2 Marks Answer to F. Arrow A 11 Marks Total 75 Marks + 5 Marks for Neatness (typed) and features as listed below = 80 Marks Features: Cover page with your name and, my name 'Michael Lindsay', Date, Assignment No. 1, " Microeconomics - BECK 150 - NON" NOTE: If your work indicates you copied from another student you will get a grade of ZERO!