

# Economics test essay examples

[Economics](#), [Trade](#)



- Who received the economics Nobel Prize in 2011?

Thomas Sargent of New York University and Christopher Sims of Princeton University were the scientists who were awarded the Nobel peace prize for economics in October 2011.

- What replaced the old paradigm?

A new theory referred to as “rational expectation” was developed to replace the old paradigm. The new theory would enable scientist predict future policy changes.

- Using Sims " techniques", what influences current GDP?

The GDP using these techniques is influenced by what happens to the GDP. This includes employment, inflation and the error term also referred to as unexpected shocks.

- How are expectations formed?

Expectations are formed slowly through a process of learning. They are not formed quickly.

## **US airways and American West**

Delta and North West

Southwest and AirTran

Air France and KLM

United and Continental

- Why is air travel such a perishable product?

This is because if a seat is not booked in time and a plane leaves the airport an unsold seat is never going to be sold.

- What is the " speed up - slow down" calculation?

This means the unique algorithm to determine when a particular plane will

go faster to compensate for delays and went it has to go slower.

- What was United's fuel cost per minute?

### **United's fuel per minute is approximately \$25000**

- What technology systems must you consider in a merger?

### **These include combining flight information systems and information technology systems**

- What typically takes the longest time to straighten out?

### **Straightening out should take less than less than 2 hours**

- What is the most difficult part?

### **Integrating the flight information system is the most vital and the greatest hurdle**

- What did you get from this article?

A lot of uncertainty has a significant effect on the market. Moreover, policy responses that are inconsistent with the market expectations may lead to markets panic. The failure of financial firms can, therefore, not entirely be attributed on bankruptcy laws

- Why or why not should Lehman Brothers have been bailed out?

Lehman Brothers should not have bailed out. This is because the absence of government support would have complicated the process leading to a market failure.

- What has driven the loss of U. S. manufacturing jobs?

## **Increasing productivity growth in American manufacturing and a shift in demand away from goods to services**

- Interpret the chart on top of D3.

The chart stipulates that the percentage contribution of manufacturing jobs to total employment has been in a steady decrease in all industrialized countries.

- What has happened to production in the U. S. and developing countries?

Distinctive patterns of international specialization have emerged. The US produces high-tech products that are not produced by developing countries.

Goods produced by developing countries are no longer produced in the US

- How do higher-tech products help U. S. producers?

## **High-tech products have greater scope for product specialization and enable US producers to insulate themselves from competitors.**

- Does trade with developing countries help or hurt the U. S.?

It does not. This is because even though they may produce similar products.

US products are superior in quality and demand

- What has contributed to higher oil prices?

## **The shortfall between demand and supply is the cardinal reason why oil prices have soared in the recent past**

- Compare U. S. to other industrialized countries when it comes to manufacturing.

The US manufactures superior and quality products that have a higher scope of product differentiation while other industrialized countries like Japan major

in mass production of goods

- What is the main cause of job loss in manufacturing?

**The cardinal cause of loss of jobs is specialization of workers and the move towards services than goods.**

- Interpret the chart on page D4.

**Manufacturing jobs are decreasing a slow rate due to product specialization, trade and outsourcing of labor.**

- How do imports impact employment?

Imports may impact negatively employment as companies seek to outsource goods otherwise manufactured in the country. These imported goods are cheap especially from china than producing them locally.

- In what areas have imports caused disruption?

**The oil industry has been the most affected as the US imports more than 58% of oil consumed locally**

- Why has trade improved welfare?

**Competitive markets and availability of quality and reliable products**

- What type of product has insulated U. S. producers from foreign competition?

**High-tech products with greater scope in product differentiation**

- Define " nonoil terms of trade"

These is a term of trade that does not involve conditions, negotiations or warranties with regard to the supply or importing of oil or oil products

- What is Hicks "theory"?

He claims that countries in their earlier stages of development experience rapid growth rate in industries that they have comparative advantage

- What percentage of oil does the U. S. import?

### **The US imports about 58% of its oil**

- What do the authors attribute higher oil prices?
- Tie your views on trade policies to whether we should have free trade or more trade barriers?

I think we should have a free trade. However, all countries should adopt these measures to ensure fair play

- What has happened to private-sector job growth?

### **The growth of these companies has reduced due to exposure to global competition**

- What has happened to multinationals job growth?

The job growth of these companies rose from 21. 4% in 1989 to 32. 3% in 2009

- What two items need to be fixed in the U. S.?

### **Executive compensation and the state of American politics**

- In 2011, what countries in Africa had a famine?

### **Kenya, Somalia, Ethiopia and Djibouti**

- What does the author identify as consequences of drought?

## **Loss of life and human suffering because of famine and lack of water and food**

- What was Malthus "theory"?

## **He argued that human population will outstrip available food supplies.**

- Compare Somalia to Oklahoma.

## **Somalia has population density of 13 persons per square kilometer while Oklahoma has 21.1**

- What happens to family size as economies develop?

## **The number of birth rates reduces leading to small size families**

- How does politics play a role in mitigating the famine?

Good governance ensures the government helps farmers to grow crops by providing subsidies and water for irrigation. Land grabbing is curbed.

- What became easier to find over time?

## **It has become clear overtime that increasing food production does not necessarily ensure food security**

- Compare working at GM versus Wal-Mart.

Employment shifted from general motors which provides good wages and better health benefits to Wal-Mart which provides low wages and meager health benefits

- How has the CEO fared compared to the worker?

## **The CEO has done remarked well while the economic conditions of the worker has deteriorated**

- What is Maharidge's positive idea?

He gives a story of two homeless couples in the 1980s who worked hard and by 2000s they were happy home owners.

- What does HR 676 do?

## **It would establish a single authority responsible for paying health care for all Americans**

- What are the advantages?

## **It would provide a cover for the un-insured and the under-insured**

- What are the disadvantages?

## **It would raise costs and cause loss of jobs of middlemen**

- Interpret Figure 1.

Increase in health spending share of the GDP is directly proportionate with increase in national health expenditure as a share of GDP

- Interpret Figure 2.

## **The cost of health care whether in the current system or the single –payer is bond to go up**

- What would you do?

I prefer the single-payer health insurance cover as it is universal and takes care of all people.

## **Works Cited**

Economist. " Economist." The Economist ( October 2011).

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