

Concepts of absolute and comparative advantage

[Sociology](#), [Empowerment](#)



Let us take an example of two farmers who are producing the same type of commodities, which are ground nuts and maize, from the same size of farms. If the two farmers decide to devote all their efforts in producing maize, their farm outputs will be as follows: farmer A - 600 bags; and farmer B - 200 bags. If they allocate their resources well and produce ground nuts, their output will be as follows: farmer A - 300 bags, and farmer B - 200 bags. We can say that that farmer A enjoys absolute advantage in producing both maize and groundnuts than farmer B.

The two farmers can however still benefit from each other through specialization and commodity exchange. Farmer A has a comparative advantage in producing maize while farmer B has comparative advantage in producing groundnuts due to opportunity cost of production in both farms. Based on current economic conditions, make one argument in favor of more government involvement in the economy and one argument in favor of less government involvement in the economy. For many governments, involvement in their respective economies is important.

This is because the governments can ensure that producers are not exploited due to lack of market for their products in by enhancing trade with other countries. The governments will thus procure ready markets for that product in other countries, hence promoting the economy in their home countries. Moreover, governmental involvement in their countries' economies is important because it can ensure that business activities are regulated for a free enterprise and competition. Governments may also fight corruption in private sectors to ensure that consumers are not exploited by the large producers and monopolies.

Diminishing marginal utility explains a lot about human behavior. For example, it helps illuminate why diets fail, romances fade, too much exercise harms us, and many other things. Select a human behavior and construct a “minicase study” that highlights the workings of marginal utility. Take an example one being thirsty and instead of drinking water, deciding to go to a nearby kiosk or shop to drink a cold soda. The first soda they get may be very good or appetizing until they decide to take another one. For the first soda taking, on a scale of ten, the person can even score ten out of ten.

For the second soda, since they have somehow quenched their thirst, they can score five out of ten. If they continue to take another soda, they can even not finish it and now score two out of ten. Read the LAST Word piece “Financing Social Security” listed below. Of the alternative approaches to repairing social security, which do you think makes the most sense, and why? As part of your answer find a recent (less than a year old) article on the subject and cite it. The approach that makes the most sense is investing the payroll taxes through personal retirement account.

This approach is important because it can improve the standard of living of employees in the future after they have retired from work. Employees will be able to properly structure their incomes besides being allowed to get used in future to any need during their time of retirement. They may thus either start their own business or in case of death arises; they can leave those funds for their families. An advantage of using this approach is that new employees, who will perhaps be earning low incomes as compared to the old employees, will have to contribute fewer taxes toward the security fund.

They will however continue increasing their remittances as their payroll will continue to rise up. Those funds must also be deducted throughout one's life until they retire from your job. People will thus start receiving the benefits of that scheme, or in case of they die, their spouses or dependants can enjoy that benefit. Another importance is that workers of any income level are allowed to contribute to this scheme and build nest eggs for their families. Personal retirement accounts are voluntary and young workers have an opportunity to open and continue with them for future benefits which could be a worth a presentable sum of money.