TERM PAPER

There are 4 questions. For the first three questions, please show ALL work – not just the numerical answers. Please also explain the reasons for your answers by giving economic explanations. The last question on “Businesses and Covid” should be based on scholarly research using at least 5 sources – three of which should be from academic peer-reviewed journals. Please start early

**TO CATCH OR NOT TO CATCH!**

1. Mitsubishi – a huge Japanese conglomerate besides selling cars and trucks, owning banks, selling chemicals is also one of the largest fishing companies in the world! Recently, it has adopted a pole-and- line method of fishing instead of gill netting to catch fish. The latter method involves the use of miles of nets strung out across the ocean and therefore entraps other sea creatures besides fish (e.g., jelly fish, sea turtles). Green Peace International– an environmental protection company expressed serious concerns of using the gill-netting method as it can harm the endangered species in the oceans. Besides, the major fish-processing companies will no longer accept raw fish caught by gill-netting.

Mitsubishi Inc., decided to conduct a new series of experiments to determine the amount of fish that could be caught with different crew sizes using the pole-and-line method. The results of these experiments follow.

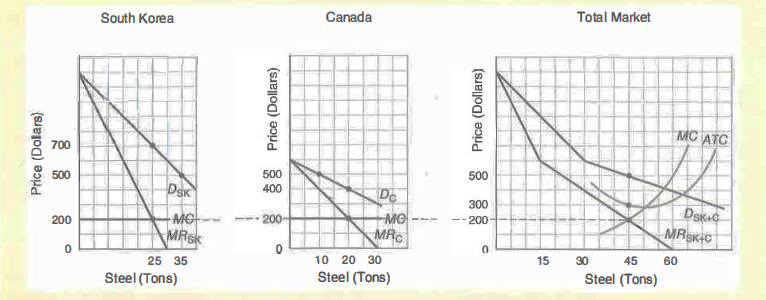
|  |  |
| --- | --- |
| Number of Fishermen | Daily Catch (lb) |
| 0 | 0 |
| 1 | 50 |
| 2 | 110 |
| 3 | 300 |
| 4 | 450 |
| 5 | 590 |
| 6 | 665 |
| 7 | 700 |
| 8 | 725 |
| 9 | 710 |
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Based on concepts which you have learnt in Chapters 6 & 7, answer the following questions:

1. Determine the point at which diminishing returns occur.
2. Indicate the points that delineate the three stages of production.
3. Suppose the market price of tuna is $3.50/pound. How many fishermen should the company use if the daily wage rate is a $100? Why?
4. Suppose a surplus in the market for fish causes the price to fall to $2.75/pound. What effect would this have on the number of fishermen used per boat? Suppose the price rose to $5.00/pound. What effect would this have on its hiring decision? Why?
5. Suppose the firm realizes that to keep up with the demand for fish caught by the more humane pole-and-line method of fishing, each of its boats must catch at least 1,000 pounds of fish per day. Given the preceding data, what should it consider doing? Explain.
6. **PRICE DISCRIMINATION**

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ArcelorMittal – one of the largest steel companies with headquarters in Luxembourg sells Austenitic Stainless Steel (used for producing appliances) to both South Korea and Canada. Their economic forecasting division using econometric models estimates the markets for these countries as given below:



Using this information and applying the concept of Elasticities (Ch 4) and Price Discrimination (Ch. 10), answer the following questions, which can be useful for both the production and marketing divisions of ArcelorMittal

1. How much ArcelorMittal should sell in the Canadian market vs. the South Korean market? Why?
2. What will be the price, revenues, and profits if the firm does not discriminate between the two markets? Show all work.
3. If ArcelorMittal engages in price discrimination, what prices it will change in each of the sub markets. Why?
4. Compare and contrast the revenues, price, and profits between non-discrimination and discrimination cases.
5. What are the assumptions/factors necessary for price discrimination to continue? Explain
6. Nordic Track Company manufactures treadmills and sells them under conditions of monopolistic competition. The owner of the company has estimated its demand function as P = 2575 – 5Q, where P is in dollars and Q is in number of Treadmills sold per week. The company believes its weekly expenses vary with output according to the equation

TC = 25,000 + 25Q – 5Q2 + 1/3 Q3.

Based on these equations and using concepts from Chapters 4, 7 and 9:

* 1. Determine the firm’s short-run profit-maximizing price and output rate.
  2. How much profit will the firm earn at this price and output rate?
  3. Due to supply chains problem associated with Covid, Nordic Trac total fixed costs rise by 20%. Calculate the impact upon the firm’s price, output and profits. How will you account for these results? Explain.
  4. What other means can Nordic Track sell more of its treadmills in today’s market environment. Give specific examples.

1. Since the Covid pandemic, besides costing in human lives – businesses, both big and small have been under a lot of stress. However, the degree of stress was not uniform across the firms in an industry. In this essay and using scholarly resources, and using the retail industry, differentiate firms between those that had to shut down their stores, those that managed to break-even (normal profit) and those that made an economic profit.

What specific business strategies these three different types may have taken to be in the position they are (or were)? Be specific to their decisions with respect to production, costs, pricing, customer service and other business and economic factors.

Moving forward, make an outline of a crisis-management approach should a similar crisis arise unexpectedly so businesses can be better prepared.

For this question, please be organized using the standard APA or MLA style of formatting.  Use only scholarly sources – at least 5 (I have included a list of academic journals and other reputable sources in the syllabus). Write a 1000-word essay which is well-constructed and free of grammatical and syntax errors. Please avoid CUT & PASTE    If you receive a cumulative match of 20% the question will not be graded and you will receive a zero.   Please support your thesis with credible sources.