

Economic Assignment

Student's Name

Institutional Affiliation

Professor's Name

Course

Date

Part 1

1A) when the market price for white bread flour is £10 Sheila will not be willing to buy at any price above £10. She will therefore buy 6kgs of flour.

B) When the market price for white bread flour is £15 Sheila will not be willing to buy at any price above £15. She will therefore buy 4kgs of flour.

C) When the market price for white bread flour is £20 Sheila will not be willing to buy at any price above £20. She will therefore buy 2kgs of flour.

2)

Demand curve

Series 1

x

x

x

From this demand curve we can deduct that Sheila's demand is negatively related to the market prices that is an increase in the market prices causes Sheila's demand to decrease and when the market prices fall Sheila's demand increases in return.

3)

Kgs of white bread flour	Total cost(£)	Marginal cost (£)
100	100	-
101	110	10
102	121	11
103	134	13
104	150	16
105	170	20
106	195	25
107	226	31

Marginal cost is given by dividing change total cost by change in quantity as shown by the equation below.

$$\text{Marginal cost} = \frac{\Delta \text{total cost}}{\Delta \text{quantity}}$$

$$=170-150/105-104=20$$

$$=195-170/106-105 =25$$

$$=226-195/107-106 =31$$

4) The supply of Alex's kitchen will follow the following economic equation.

$$.price = marginal\ benefit = marginal\ cost$$

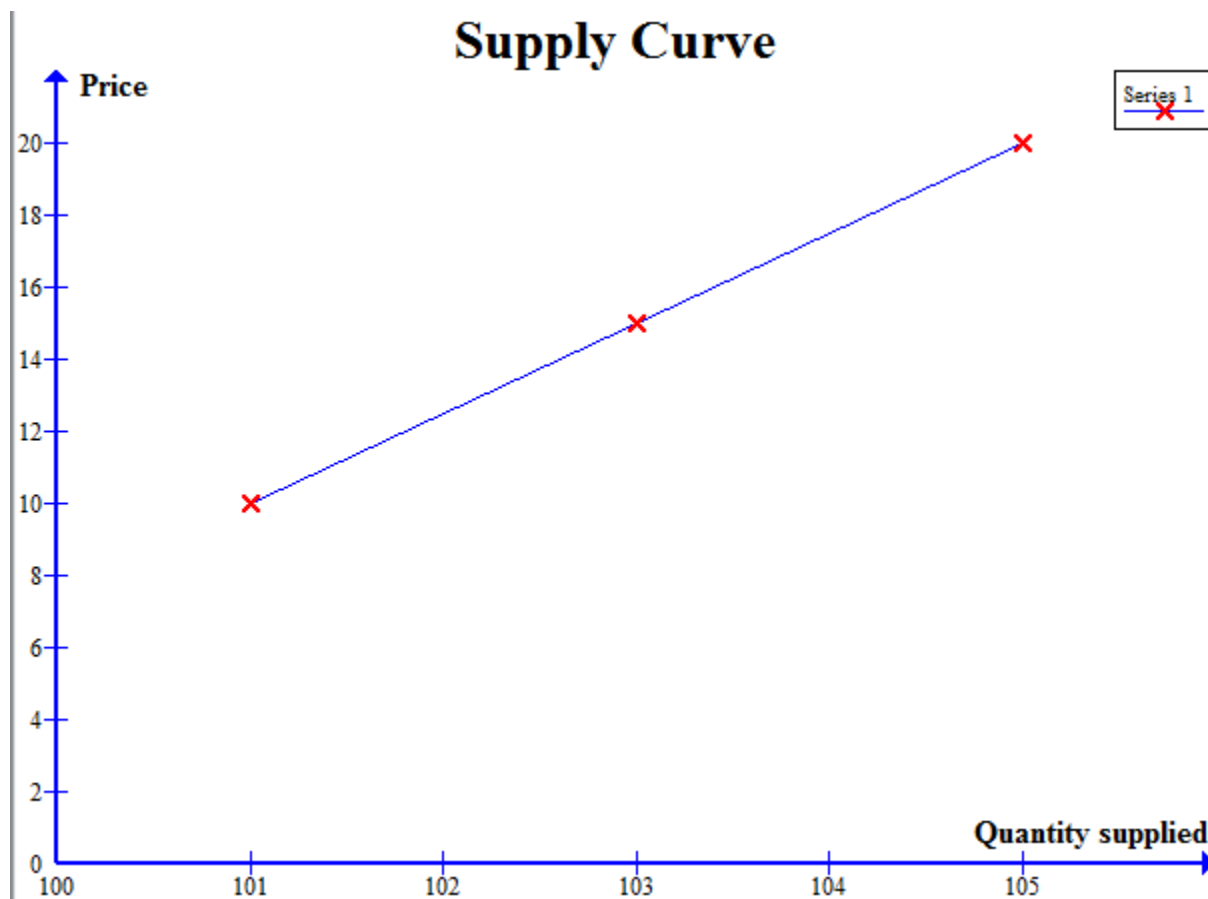
Therefore the market price will be the same as the marginal cost incurred

a) When the market price is 10 he will supply 101kgs of flour

b) When the market price is 15 he will supply 103kgs of flour

c) When the market price is 20 he will supply 105kgs of flour

5)



From the graph above we can deduce that the relationship between the market price and quantity supplied is positive that is when market prices increase the quantity supplied also increases and when the market price declines the quantity supplied decreases as well.

6) In the case of UK the demand curve would be more to the right since more people will be willing to buy food commodities, this in turn will cause an increase in the market price. The supply curve in turn will shift towards the left since the producers were not prepared for the upsurge in demand. This will in turn cause a shortage of flour in the market.

Both the market demand and supply can be obtained by plotting the points of individual suppliers and consumers.

Part B

The food supply chain has been heavily stressed during the covid-19 pandemic following the measures that have been put in place to contain the virus. Once the pandemic hit, there was panic all over the world, and people started stockpiling and hoarding food for themselves; hence the demand for food began to rise, causing changes in the equilibrium. For seasonal farming, such as fruit, there is a lot of labor needed, which was affected due to the movement restrictions put in place. Due to the lockdown and social distancing measures, some processing plants and factories have been shut down because, in most of these industries, the employees must work close to each other. These are a few of the reasons why the supply of food has been at a low. There are several effects of the changes in the supply and demand of food in the UK.

The pandemic resulted in people hoarding food, and places such as restaurants were forced to shut down; thus, the suppliers had to come up with a way to reach the consumers directly. In the UK, the suppliers were able to respond to the rise in demand by supplying to retail and direct to consumers such as in the grocery stores as compared to wholesale. The costs involved, such as a change in packaging, were not significant. The Pick for Britain platform was formed to address the issues facing laborers (Mitchell, Maull, Pearson, Brewer, & Collison, 2020). The government came up with an amendment to the Corona virus Job Retention Scheme, which allowed the farm workers who were furloughed to work for another employer. This helped in coping with job loss. A long adaptation for this was to use robotics in the industry and up skill the workers to ensure that work being done was minimal without necessarily displacing the workers.

An example of a change in supply is the shortage of pesticides and fertilizers that are used in crop farming. Fertilizers ensure that the crop yielded is of high quantity and quality (Reinhart and Subaraman (2020, cited in Santos, 2020). The pesticides are used to protect the crop from pests. Both the fertilizers and pesticides are factors attributing to the quality of the crop; hence shortage in both of them will also lower the quantity and quality of the produce yielded. An example of a change in demand is the panic buying and hoarding of food. Typically, people go to the grocery store and acquire what they need in their households for a short period. When the pandemic hit, people began to buy unnecessarily vast amounts of food, resulting in a rise in food demand (Mitchell et al., 2020). When the demand for food exceeds the supply, the prices tend to rise. The equilibrium price rises while the equilibrium quantity falls. Shortage of a good automatically makes it a rare commodity; thus, the price for it becomes high.

The price adjustment of food is not automatic in that once the demand for a good rises, the supply also rises to match the demand, thus the prices going back to normal. This is not the case because once the demand rises, the suppliers may decide to be profit maximizers (Muley, n.d.) because they realize that the consumer will still buy the product even at a high price. Another limitation is that consumer sovereignty is not real since consumers will buy what the producers produce; hence the producers have sovereignty.

In conclusion, some of the effects on the UK through the change in demand and supply of food include the government coming up with an amendment to curb the loss of jobs and the suppliers dealing with retailers and consumers directly to respond to the high demand for food. The high demand for food can be seen by people hoarding large quantities of food instead of buying what they need. The decrease in the supply of food resulted in measures that restricted the mobility of the workers who were needed for labor. Even though the perfect market has

consumer sovereignty as one of its characteristics that is not necessarily true as the consumers only buy what is given by the producers. Such limitations show that there is no real perfect market.

Part C

The essay on changes in food demand and supply concerns the current Covid-19 pandemic that the world is facing. One challenge that I experienced when writing this was; gaining knowledge and understanding concepts such as equilibrium price and how it is affected when supply or demand changes. When supply either increases or decreases as the demand for the item does not change a new equilibrium price is set. Another challenge that I encountered was understanding how the Pick for Britain platform (Mitchellet al., 2020). It's quite helpful to farm workers since it results from people losing their jobs because of the measures put in place.

Forum discussion about the assessment criteria helped me ensure that to first focus on the strong points then add others later. It helped in the planning of writing the essay as I was able to come up with a good structure for my essay and ensured that my essay was not watered down. Marking two mock essays helped me understand how to come up with a high-quality essay. I was able to comprehend how I should put forth my points and ensure that I'm using facts instead of assumptions. Coming up with a plan before writing the essay made my work easier and faster.

References

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