**ASSIGNMENT 08**

C13 Microeconomics

**Directions**: Be sure to save an electronic copy of your answer before submitting it to Ashworth College for grading. Unless otherwise stated, answer in complete sentences, and be sure to use correct English, spelling and grammar. Sources must be cited in APA format. Your response should be four (4) double-spaced pages; refer to the "Assignment Format" page located on the Course Home page for specific format requirements.

**Part A**

Imagine that it is the year 2199. Technology has progressed at an incredible pace. The latest discovery is the plutonium engine, which is capable of converting plutonium, a by-product of nuclear fission, into fuel to power the nuclear reactors in our new form of transportation, the rocket-car. However, because the firm that invented the engine, the Futures Unlimited Corporation, already has a government license to control and distribute the quantity of this certain isotope of plutonium on the market, it is now conceivably in charge of a monopoly on plutonium-fueled transportation.

1. Describe the economic outcome of this single-price monopoly in terms of profit. Provide one (1) supporting fact to support your response.
2. Describe one (1) way that the Futures Unlimited Corporation makes output and price decisions.

**Part B**

1. Would consumers benefit more from a tariff or a quota on imports? Provide one (1) supporting fact to support your response.
2. Consider the following weekly production possibilities of gloves and hats in Panama and Russia:

|  |  |  |
| --- | --- | --- |
|  | Russia | Panama |
| Gloves | 20 | 180 |
| Hats | 80 | 90 |

1. What is each country's opportunity cost of producing gloves and hats?
2. If the countries could, should they trade? Provide one (1) supporting fact to support your position.

**Grading Rubric**

*Please refer to the rubric on the following page for the grading criteria for this assignment.*

