

ECO 610  
Problem Set #1  
Fall 2019

Instructions: This is a team assignment, so turn in one paper for all three members of the team. I will shuffle the composition of teams for each of the five problem sets. I will leave it to each team to figure out how to work on this assignment as a group, but if you encounter shirking by a teammate, don't hesitate to involve me. Turn in a hard copy at the beginning of class on 9/17/19.

1. (10 pts.) In the current public discourse about social economic organization, several terms/concepts keep coming up in the discussion. Capitalism, central planning/command, markets, socialism—what do they all mean? As a student of economics, you should have a clear understanding of what each of these terms mean. Explain/define each and discuss how they fit into any analysis or classification scheme of how different countries organize economic activity.
2. (10 pts.) Cobalt is a hard and lustrous metal and is mainly obtained as a byproduct of copper mining. It is a key component in the manufacture of batteries for electric cars. Both the price and quantity exchanged of cobalt has increased in the past several years. Two of your friends who don't understand economics as well as you do have competing explanations. One thinks that it must be because increased construction activity in China has led to a worldwide increase in the demand for copper. The other thinks that it is because several countries have mandated or are considering mandating electric cars, leading to an increase in the demand for electric cars around the world. Evaluate each of these two competing hypotheses, illustrating and explaining what would happen in each market. Which of your friends' explanation is consistent with the observed changes in the cobalt market?

Teams:

1. A. Adedeji, E. Smith, P. Crespo
2. S. Baker, J. Snyder, E. Devan
3. A Cobb, T. Staffieri, R. Gerrald
4. S. Daniels, C. Sumner, C. Howard
5. R. Delles, S. Sundrihal, J. Kissick
6. L. Done, S. Verhoeven, A. Moody
7. C. Kane, J. Witty, A. Sherk
8. S. Rast, X. Wu, G. Smith
9. C. Rogers, M. Compton, D. Stanley