

## Econ 98 – Salazar Final Exam Review – Microeconomic Essay Question

Name: \_\_\_\_\_ SID: \_\_\_\_\_

*The idea behind this exercise is to jog your microeconomic knowledge and jargon and to figure out what economic analysis to use in different situations.*

### **The Important Microeconomic Topics (In order of Suggested Studying By Matt)**

- 1. Supply Demand**
- 2. Factor Markets**
- 3. Externalities**
- 4. Monopoly/Oligopoly**
- 5. Trade, Elasticity, and Game Theory**

The University has proposed a new football stadium to replace the aging Memorial Stadium. A plan consists of tearing down the old stadium and rebuilding it with increased seating capacity as well as integrating the stadium with training facilities as well as office and classroom space for the Boalt School of Law. I have just hired you to do an economic analysis on the project.

First, consider the impact of the new stadium on football tickets, stadium concessions and local businesses. Are there differences between the short run and long run?

What effect will it have on the labor market in Berkeley?

What affect does building the new stadium have on the land value? How can I justify the valuation?

What financial considerations should we ask from the city of Berkeley? One campus official says we should ask money to build the stadium while another person from the city says we should pay taxes. Things that were mentioned had something to do with traffic, noise, business growth, and business generated taxes. I don't know who was making the argument for which but that's what they mentioned.

The University controls 90% of the parking surrounding the stadium. What affect will the new stadium have on parking?

Are there any other additional considerations that you can think off?

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Final Adjunct Section

The UC is considering creating another campus, UC Diamond Bar. Before the UC can begin their plans it must go through an economic review so it will be able to pass government and public scrutiny. You have the task of creating that economic review.

What will the impact be on college bound students? Will there be more students applying for college? Will there be better applicants applying for college?

What affect will the new UC campus have on the surrounding area in terms of business and jobs?

Should the new UC have to pay taxes to the local government? Should the state government raise taxes for the new UC? What's the reasoning behind either or both arguments?

To pay for the construction of the new UC campus, a proposal has been implemented to post a tax on alcohol. What will the overall effect of the UC campus have on the market for alcohol? Are there are any long run implications?

What long term effects will the campus have on California's growth?