

Tips for writing good essays + Revision essay questions

Tips for writing good essays in the examination

Always attempt all questions.

Always try to manage your time so that you can answer all your questions. The easiest way to do badly in the examination is to leave a question unanswered. Often, examiners award some marks for question that are either incomplete or not entirely correct. If a question has not been answered, then it simply gets zero. So, it is always better to attempt the question.

Write succinctly.

Students who are well prepared write answers that are to the point. If write more than necessary, then you are wasting your time. It will not get you more marks and you may write something irrelevant and lose marks.

Take your time to understand what the question is trying to ask before answering.

This is important because if you misunderstand the question, the time you spend writing the answer the question would be a wasted effort.

Essays questions always test two things.

Knowledge: This is your knowledge of the course material, i.e., are you able to define the key concepts and show that know what these concepts mean.

Logic: are you able to make logical arguments based on your knowledge.

So, when you read the question, it is a good idea to read the question and ask yourself what is the *knowledge* and *logic* component of the question and make sure you answer them both.

Always start by *defining* the concepts in the question and then making the *logical* argument. This strategy makes sure that you get the marks for definitions even if you get the logic wrong.

Revision questions

1. *Explain how the government can stabilise the economy if it is faced with a unexpected demand shock?*

Sketch answer

- *Define* the multiplier.
 - *Explain* the relationship between multiplier and marginal propensity to consume (explaining this is critically important).
 - *Define* expansionary and contractionary fiscal policy
 - *Logic*: If the multiplier is sufficiently large, the government can thus use expansionary fiscal policy to respond to a negative aggregate demand shock.
 - *Logic*: Conversely, it can use a contractionary fiscal policy to respond to the negative demand shock.
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2. *Explain the relationship between inflation and unemployment. What is the ideal inflation and unemployment for an economy?*

Sketch answer

- *Explain* the short-run relationship: Philips curve.
 - *Explain* the long-run relationship: high persistent inflation leads to Philips curve shifting up and inflation becoming a self-fulfilling prophecy.
 - *Contrast* the short-term versus long-run relationship between inflation and unemployment.
 - *Describe* the ideal situation. People in the economy like the lowest possible unemployment. Low but positive inflation facilitates the functioning of markets.
 - *Logic*: Elected politicians would like to exploit the short-term Philips curve for electoral gains, leading to wage-price spiral, resulting in high inflation in the long-term. This can be prevented by giving Independent Central Banks responsibility for inflation.
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3. *Why is a Pareto-efficient outcome a benchmark for competitive markets?*

Sketch answer

- *Define* a Pareto-efficient outcome.
 - *Define* competitive market i.e., when marginal cost of production equals market price.
 - *Define* market failure: if the price is above the marginal cost.
 - *Logic*: Market failure leads to scope for Pareto improvement: transactions where people receive goods for a price that is lower than the market price, but higher than the marginal cost of production is Pareto improvement.
 - *Logic*: Price equals marginal cost is an outcome where there is no scope for Pareto improvement, it is a Pareto efficient outcome.
 - *Logic*: Competitive equilibrium in the market is the benchmark for the ideal outcome because it is the only Pareto-efficient outcome.
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4. *What is a market? Under what conditions does a market failure occur?*

Sketch answer

- *Define* market, ie, voluntarily exchange of goods for mutual benefits.
 - *Define* a competitive market: it is a market where price equals the marginal cost of production.
 - *Define* market failure: it occurs when market where price is above the marginal cost of production, i.e., there are some people who are willing to pay more than the marginal cost of production but are not able to buy the good.
 - *State* the conditions under which market failure occurs: when there are information problems between the buyer and seller (adverse selection, moral hazard), externality or increasing returns to scale. Thus, markets are competitive works when none of these conditions occur.
 - *Logic*: A good answer will point out the competitive markets are Pareto-efficient because there is no scope for Pareto-improvement.
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