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ECON 100

Homework 1

Variables Correlation, Logs, Positive/Normative Statements

Part I:

1a) Five Favorite Video Games

1. Psychonauts
   1. You play as a child attending a summer camp for children with psychic and telekinetic abilities
   2. This game utilizes the principles of incentives and tradeoffs throughout the game
2. Bioshock
   1. When your plane crashes into the Atlantic ocean, you find yourself in an underwater dystopia based on the writings of Ayn Rand
   2. This game utilizes the principles of scarcity of resources, incentives, trade-offs, and opportunity cost
3. Sid Meier’s Civilization V
   1. You take on the role of a great leader from history and attempt to lead your people to victory via, economic, scientific, military, or political means
   2. This game utilizes many principles of economics including but not limited to incentives, scarcity of resources, trade-offs, opportunity cost, marginal thinking, and trade creating value
4. FTL
   1. As the commander of a small spaceship, it is your job to reach the military base and warn them of an impending attack before aiding them in the last stand
   2. FTL utilizes scarcity of resources and trade-offs as its primary principals of economics
5. World of Warcraft
   1. Create a fantasy avatar and live in a large digital world of magic and monsters as you save the world from numerous evils and disasters alongside legions of other players
   2. World of Warcraft has a strong economic backbone which drives much of the trade between players. It utilizes the principles of incentives, and scarcity of resources

1b) State of the Industry

|  |  |
| --- | --- |
| **Video Game Sales in the US by Year** | |
| Year | Sales in Billions |
| 2010 | 17.1 |
| 2011 | 16.7 |
| 2012 | 15.2 |
| 2013 | 15.4 |
| 2014 | 15.4 |

It is my prediction that over the next 5 years, the games industry will continue to see a small growth in sales each year.

Source: Statista

http://www.statista.com/statistics/273258/us-computer-and-video-game-sales/

1c) Consumer Traits

Often between the ages of 12 to 50, with low to high income, at least a high school level or equivalent education, of any gender or ethnicity.

2a) All values are estimations

2b) All values are estimations

2c) All values are estimations

2d) All values are estimations

3a) Normative

3b) Positive

3c) Positive

3d) Normative

4a) C = 4,056.12 + 0.54Y Math on Assignment Sheet

4b) C = 4,056.12 + 0.54(18,000) = 13,776 Trillion dollars of Consumption in 2020

5a) Log (25K4Y6) = Log 25 + Log K4 + Log Y6 = Log 25 + 4 Log K + 6 Log Y

5b) Log (W0.4/U0.3) = Log W0.4 – Log U0.3 = 0.4 Log W – 0.3 Log U

5c) Log ((3Z-9)/(2X3)) = Log 3Z-9 – Log 2X3 = Log 3 – 9 Log Z – Log 2 + 3 Log X