FAPP 9e Writing Projects – Chapter 4

1. Interview a local businessperson who is in charge of deciding the product mix for a business. Must this business take into consideration situations other than minimum and resource constraints? If so, what are these considerations? Find out what methods the person uses to make production policy decisions. Is linear programming used? Are other methods used? If so, what are they? Write a report of your findings, and add some of your own conclusions about the usefulness of linear programming for this business.

2. In economics, it is often useful to distinguish between a firm that has a monopoly (for example, is the only supplier of a product) and firms that supply only a small share of the market. How would the presence of a monopoly affect the relation between production and price? Would the presence of a monopoly tend to ensure the fixed-profit assumption of linear programming, or would it make it more likely that the interplay of supply and demand would have to be considered in order to have a truly realistic model? Write an essay addressing these issues.