

General Essay Points for Macroeconomics 1 Essay “Impact of oil price increase on world economy”

These are a few general points about your essays. Most people have fallen into at least a few of these traps, so it is worth having a read through. Try and take on board the main points which apply to you – it will help to improve your work in the future.

The newly added points for Macroeconomics 1 are highlighted by **[MACRO]**, so if you have read and taken on board the points that were already on here, you can concentrate on those points.

Marking – *My usual spiel, but read it again to remind yourself!*

- The marking is positive. That is, you do not start off with a first class and work your way downwards. You start off with nothing and work your way up. There can be negative marking if you write something that is clearly false, or shows you have not understood something. (This often occurs when you try to put in lots of key words without explaining them.) This however is not the focus of the marking.
- Notes on your essay do not necessarily indicate you have been marked down for something. It might be there for you, or, in the case of a good essay, it might be to give you additional information, or to encourage you to think about something extra. It is for your own benefit or interest, if you choose to read it/think about it.

Referencing

- **[MACRO]** When you cite something from Science Direct, JSTOR etc. you need to reference the actual article (author, year, title, journal). Science Direct, JSTOR etc are merely online archives where lots of different journals keep their back catalogue.
- **[MACRO]** Use footnotes for URLs (website address). It is quite cumbersome to read an essay with a 5-line URL.
- Reference as you go along. Put in brackets or footnotes where you get your information from.
- Put the date you accessed websites.
- If you used an article on the website, reference the article in the standard format, not just a URL.
- **Reference in a standard format!**

Grammar

- **[MACRO]** “Their” is not the same as “there”. “Sight” is not the same as “cite”.
- **[MACRO]** “Who” is for people and “which” is for objects/countries. Similarly, “where” is for places and “when” is for time – e.g. “over the last three months WHEN (not where) inflation has...”
- **[MACRO]** Keep things simple. It will help you to avoid muddling words like “locus” (of a graph) and a locust (as in, plague of) and sentences such as “developed world is AKIN to finding solutions...”
- There is no apostrophe in e.g. 1980s; i.e. it is **not** 1980’s.
- The word “data” is plural.

- Write in formal English. Do not use abbreviations such as “gov” or “gov’t” for government.
- Avoid contractions such as “can’t” (use “cannot”), don’t (use “do not”), doesn’t (use “does not”), thru (use “through”) etc.
- Try to use the active rather than passive tense. For example instead of writing “the minimum wage was introduced...”, use “the Labour Government introduced the minimum wage...”.
- It is the Labour and Conservative parties, not labour and conservative. It means a very different thing with lower case letters.
- “It’s” means “it is” (and it a contraction to be avoided). It does **not** indicate possession. For example “the government’s budget”, but “its budget” (not “it’s budget”). Do not use “ its’ ”. If the government has two budgets, you cannot write “its’ budgets”.

Style

- **[MACRO]** Avoid hyperbole. If I am to understand correctly, the increase in the oil price was “huge”, “astronomical”, “massive”, “phenomenal”, “drastic”, “colossal”, “relentless and alarming”, “escalating at a fast pace” and “swollen” amongst other things. China consumes a “staggering amount of oil” and there has been a “sudden surge” in their consumption causing prices to “sky rocket”. You get the idea.
- **[MACRO]** Avoid unnecessary words – e.g.1 “the US\$ fell to [only] 1.566 per euro” – no need for “only”. Eg.2. “I am going to focus on [what] the macroeconomic impacts [are] of an increase in the oil price” – Try without the words in brackets.
- **[MACRO]** Use active tense – e.g. “it has been estimated that...” WHO has estimated?
- **[MACRO]** Don’t use “one” in the first person singular (i.e. when you mean “I”). You can use “one” when you want to talk about people in general, or include the reader – “one can see on graph 1”. Otherwise it can be difficult to know if you are making a point, or if the marker needs to ask you to be more specific about whose point it is.
- Avoid emotive words where possible. We are not journalists and our aim is not to convince people by writing in an emotive way. Instead include facts and clear arguments. Appeal to the rational side of people, not their emotional side.
- Keep language simple! Write for the intelligent layman, not some one who has memorised a dictionary! Also, using complicated or fancy words in the wrong way or out of context does not look good – minimise this risk by keeping it simple.
- Be careful not to get sidetracked – even if it is interesting! Stick to talking about the topic with which you are concerned. For example, if you want to talk about economic growth in an essay on unemployment, talk about how growth is related to unemployment. Do not spend a page discussing growth followed by one little sentence on unemployment.
- On a related note, do not write something like “one of the main contributors to low unemployment was a change in monetary policy” followed by a paragraph or two on monetary policy with no link to unemployment. Make the links explicit, and show you have understood the link. Similarly, by writing “the government introduced the minimum wage/New Deal which helped to reduce

unemployment” you do not show you have understood how. Explain by what mechanisms.

- If you can get rid of a word, get rid of it. Do not use unnecessary words. Your essay will be clearer, more to the point, and you will save on your word count. Using the active rather than passive tense will also help to keep the word count down.
- Do not use “apparently” – reference! Similarly do not simply say “some economists” or “most economists” – reference! Tell us which economists.
- Try to avoid starting a sentence with “Also”.
- Use paragraphs well. One paragraph is for one point, not several points.
- Once you have dealt with a subject, in most cases, you have dealt with it. Do not keep coming back to similar points. It shows lack of planning in your essay and is very hard to read.
- Try to avoid words like “altered”, “changed” etc. Tell us **how** something has changed. Has it increased, decreased, or whatever?
- Be careful with the word “positive”. Does a positive impact on unemployment mean unemployment has increased or decreased? Try using “beneficial” if you mean unemployment has decreased.
- Do not keep repeating “this means”.
- “Thus” has its place, but does not need to be inserted randomly. Think about whether or not you need it, and if not, get rid of it.

Give Information [MACRO]

- [MACRO] “Some economists say”. WHO?
- [MACRO] “There is a known correlation between” WHO SAID? POSITIVE OR NEGATIVE CORRELATION?
- [MACRO] “X impacts on Y”. What is the relationship like – positive or negative? How does this happen? What is the mechanism?

Clarity

- Note the difference between percentage and percentage points.
- Back up statements you make with data, a study (an academic paper or a report), or an example (a newspaper report – from a reputable source).

Layout

- Label tables, diagrams etc.. Word allows you to label tables/figures using consecutive numbering. Your label should read something like:

Table 2 – Economic Growth

- Put source of the information contained in your table. If, for example, you got your growth data from the World Bank, put:

Source: World Bank

- Do not use a font! The person marking the essay has a lot to mark – make it easy!

Structure

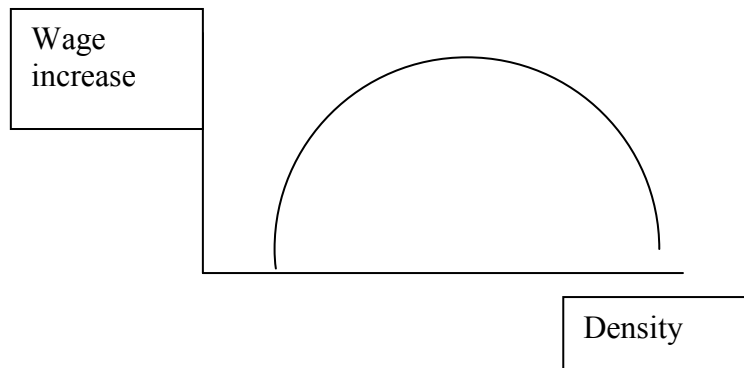
- **Before** you put pen to paper have a structure. Use **headings** – they will help you to stick to your structure, and help to organise your thinking.

A couple of points (from Modern World Economy Essay but very relevant here too)

- **Dutch Disease** is specifically linked to exchange rates. A country discovers a natural resource and exports it. Foreigners have to buy your currency if they want to buy your natural resource. This forces the exchange rate up, and makes life more difficult for exporters of other products. The overall impact on growth can be negative.
- The **Balassa-Samuelson** effect is related to prices. Specifically, for some reason, natural resources mean that the price of non-tradable goods increases. For example, the price of (some types of) labour (wage) might increase, or perhaps the price of other non-tradable goods. This is felt by firms in other sectors whose prices increase. As their input prices increase, they have to increase the price of their goods. This makes them more difficult to increase. In fact, the inflation means that there has been an appreciation in the real exchange rate.
- These 2 effects can have very similar effects but are slightly different in conception.
- Other problems linked to the discovery of natural resources is that the attention of officials is diverted away from other industries. Natural resources can also increase the opportunity for corruption.
- Norway and Botswana are 2 good examples of countries that discovered natural resources that have not had associated problems.
- Norway saves its income in foreign exchange (so that there is not too much of an exchange rate appreciation)
- Botswana has concentrated on a second industry – rich tourists. Rich tourists don't mind so much that things are expensive in Botswana, and continue to visit the country.

Extra info for [MACRO]

- **[MACRO]** Devaluation and depreciation of currencies are slightly different things. I will let you look that one up.
- **[MACRO]** Interestingly, union density is not the same as union power. Power is linked to density, but other things too like legislation, history, concentration, importance of industry, degree of militancy, public support. Note that, for example, France has a very low degree of unionisation compared with almost any other industrialised country, but its unions are powerful. The graph below can give a general relationship between density and wage increases:



This is because when few people belong to a union, they have, all else equal, less negotiation power. As more people become members, they have more power to get higher wages (more people walk out rather than just a few, the firm has to listen). However, when union membership gets very high (e.g. Scandinavia) wage demands fall again. Why? Because unions consider only the wellbeing of their members. The unions recognise that high wage demands lead to unemployment, and when they have lots of members, they must consider that some of them will become unemployed.

When membership is lower, they seek high wages for their members, but it is other people (outside the union) who become unemployed as a result. The union does not consider these people.

This is, of course, very rough, but you can get a far more rounded view by reading up on it, if you are particularly interested.

- **[MACRO]** “China’s thirst for oil is truly incomprehensible” Ignoring the hyperbole, don’t forget China is a collection of people and there are more of them than in the US. If you split China up into several countries, then each one would now appear to have a small impact, but all that would have changed are arbitrary national borders. China still consumes a lot less per capita than the USA.
- **[MACRO]** The 1970s price shock actually made it profitable to explore and expand oil production in UK waters (and probably elsewhere). Think about resulting supply of oil and price levels.
- **[MACRO]** A lot of people did not consider the long run impact of the shock. We have evidence from the 1970s – in particular technology (and the UK oil fields in the last point).
- **[MACRO]** Not really in the spirit of the essay but if the price of oil is increasing in US\$ and the dollar is depreciating in terms of £ or EURO then the impact will not be so strong. At the limit, if the dollar depreciates against the EURO at the same rate as the oil price increases then there will be no impact.