

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point on the assignment.

1) (15 points each) Illustrate the following events on the supply and demand for hamburger. Explain why the curve(s) moved as drawn. Also explain what happens to the price and quantity and why they change as drawn.

- A) People decide to eat more healthily.
- B) The cost of grains increases.
- C) People expect that the price of steaks will increase.
- D) The price of cheese goes up.
- E) The price of leather jackets goes up.

2) (25 points) Illustrate what happens to the supply and demand for wheat when there is a price floor. What is the problem that is caused? Explain how you got the quantity produced, quantity sold, the price, and the problem caused by the floor.