

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. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment.

1) (20 points each) Illustrate the following events on the supply and demand for aluminum rowboats. Explain why the curve(s) moved as drawn.

- A) Hurricane Frances floods most of the east coast.
- B) The price of aluminum increases.
- C) The price of wood for oars increases.
- D) The price of aluminum canoes increases.

2) (20 points) Politicians often put price ceilings on a good to make it more affordable for the consumer. Prove that they are actually making it more expensive. Use a supply and demand diagram in your proof.