

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 and failure to type it will cost you 10 points.

1) (20 points) Illustrate an improved fertilizer technology on the PPF (PPC) of rice and cars. Explain why the curve moved as drawn.

2) (20 points) Use the PPF (PPC) capital goods versus consumption goods to explain why it is difficult for poor countries to get richer.

3) (20 points each) Illustrate the following events on the supply and demand for cucumbers. Explain why the curve(s) moved as drawn and determine what happened to the price and the quantity.

A) Incomes increase.

B) It is discovered that cucumbers reduce the chances of getting cancer.

C) The price of peanuts goes up.