

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 each) Illustrate each part on the supply and demand for silverware. Explain why the curve(s) moved as drawn. State what happens to the price and quantity produced. Use separate graphs for each part.

- A) The population increases.
- B) The cost of silver increases.
- C) People eat more fast food.
- D) The price of silver serving trays increases.

2) (20 points) Explain the problem with the following statement.

“When people buy more SUVs, it causes the demand for gasoline to increase. That will increase the price which will increase the supply of gasoline. The increase in the supply will drive the price back down.”