Wilf Csaplar Jr.   Economics 280   Homework #1   Due Friday 01/19

Do not put your name anywhere on the assignment. Other than on the back of this sheet of paper. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points.

1) (15 points) A firm expects profits of $1000 per year for the next 40 years. What is the value of this cash flow if the interest rate is 10%? Set up the formula, and briefly explain how you determined what went where. Do not actually do the calculation.

2) (10 points) What does equation #1-2a assume about this year's profits? Explain your logic.

3) (10 points) Which part of my web page, http://mysite.bethanywv.edu/wcsaplar/ do you think will be most helpful? Why? Is anything missing that you would like to see? What is the URL for the first exam from this class last year?

4) (5 points) Which part of the Department of Economics and Business's web page, http://www.bethanywv.edu/economics/ do you think will be most helpful? Why? Is anything missing that you would like to see?

5) (20 points each) Illustrate the following events on the supply and demand diagram for wooden doors. Explain why the curve(s) moved as drawn. Determine what happens to the price and the quantity sold. Use separate graphs for each part.
A) There is an increase in the number of houses built.
B) The price of electricity increases.
C) The price of wooden chairs increases.