

Do NOT write your name anywhere. (Canvas will tell me who turned in the assignment.) All answers must be typed, except for mathematics and graphs. Take pictures of your written answers and use your own software or to create a single PDF size A4 or 8.5" x 11". At the top of my [webpage](#), I list several online sources which will convert pictures to pdfs, merge pdfs, and resize them. However, Apple phones may require using [CamScanner](#) before using the online sources. Failure to follow these directions will cost you 10 points.

1) (20 points) What two variables do we use to determine if there is economic stability? Explain how we use them and how that shows stability.

2) (10 points) We said that improving the outcome of *income distribution* will generally cause us to do worse on the outcome of *economic growth*. Explain why this is true.

3A) (15 points) As we pointed out in Question #2, it is common for improvements in one outcome to result in the economy moving away from the ideal with another outcome. What would be wrong with just taking a straight average of the six outcomes and seeing how that changed?

B) (20 points) What would be the problem with using a weighted average to determine how the economic system is doing?

4) (15 points) If you were to create the weights for a weighted average of the outcomes, would you give *environmental sustainability* or *economic growth* a bigger weight? Explain your logic.

5) (20 points) Economists say that generally speaking, free trade is desirable. Explain their logic and make sure you refer to at least one of the desired outcomes, economic growth, efficiency, income distribution, economic stability, long-run viability, and environmental sustainability.