

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type this assignment will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (20 points) Draw a graph which explains the article <https://blog.cheapism.com/american-products-not-made-in-america-16404/> and explain how you know where the items in the article are on the graph.
- 2) (25 points) State the Rybczynski Theorem. Draw a PPF diagram which illustrates it. Explain how your graph illustrates it. What is the economic intuition as to why it occurs?
- 3) (10 points each) Answer each part in separate paragraphs. For each of these industries, do you think it is a *resource oriented industry*, *market oriented industry*, or *footloose industry*? Explain your logic.
 - A) clothing
 - B) steel
 - C) electricity generation
- 4) (25 points) Draw the back-to-back S/D diagram for an industry we export. Draw it with transportation costs. Explain how your diagram shows the transportation costs and how it shows that trade is balanced. If I had asked for a tariff instead of transportation costs, would your diagram be different? If yes, explain how. If not, explain why it would not be different.