

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 it 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 the supply/demand diagram for potato chips. Illustrate the effects of an increase in the price of the dip. Explain why the curve(s) moved as drawn. What happens to the price of potato chips and the quantity sold?
- 2) (20 points) Draw the supply/demand diagram for pizza. Illustrate the effects of a decrease in the price of the pizza dough. Explain why the curve(s) moved as drawn. What happens to the price of pizza and the quantity sold?
- 3) (20 points) Draw the supply/demand diagram for doors. Illustrate the effects of an increase in the price of desks. Explain why the curve(s) moved as drawn. What happens to the price of doors and the quantity sold?
- 4) (20 points) Draw the supply/demand diagram for telephones. Illustrate the effects of a price ceiling on phones. Explain why the curve(s) moved as drawn. Are consumers helped or hurt? Explain your logic. Are producers helped or hurt? Explain your logic.
- 5) (20 points) Draw the supply/demand diagram for straws. Illustrate the effects of a quota on straws. Explain why the curve(s) moved as drawn. Are consumers helped or hurt? Explain your logic. Are producers helped or hurt? Explain your logic.