

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 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. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (20 points) Illustrate the effects of an increase in income on the supply and demand for diamonds. Explain why the curve(s) moved as drawn. What happens to the equilibrium quantity sold and price paid?
- 2) (20 points) Illustrate the effects of an increase in the price of gold on the supply and demand for silver. Explain why the curve(s) moved as drawn. What happens to the equilibrium quantity sold and price paid?
- 3) (20 points) Illustrate the effects of an increase in the wages paid to farm hands on the supply and demand for corn. Explain why the curve(s) moved as drawn. What happens to the equilibrium quantity sold and price paid?
- 4) (20 points) Illustrate the effects of an increase in price of boxes on the supply and demand for writing paper. Explain why the curve(s) moved as drawn. What happens to the equilibrium quantity sold and price paid?
- 5) (20 points) Draw the supply and demand for rental property. Draw the effects of a ceiling on the rent. Explain why your graph looks as drawn. Prove that consumers are hurt by the ceiling.