

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) State the *Law of Comparative Advantage*. Why does the law make sense? Explain what the law means about President Trump's decision to not join the free-trade area called TPP.
- 2) (20 points) Draw the supply and demand for blueberries. Illustrate the effects of people finding out that they are one of the best foods for your health. (That is a true statement.) Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?
- 3) (20 points) Draw the supply and demand for bread. Illustrate the effects of an increase in the price of wheat. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold?
- 4) (20 points) Draw the supply and demand for CDs. Illustrate the effects of the creation of music downloads. Explain why the curve(s) moved as drawn. What happens to the price of CDs and quantity of CDs sold?
- 5) (20 points) Draw the supply and demand for corn in the supermarket. Illustrate the effects of an increase in the use of corn to produce ethanol. Explain why the curve(s) moved as drawn. What happens to the price of corn in the grocery store and quantity of corn sold by the grocery store?