

Homework # 2

1) Use supply and demand curves to show the change in the price of mini-vans and the quantity sold, when these events occur:

- a. The population grows.
- b. The price of steel falls.
- c. The price of sport-utility vehicles falls.
- d. The United Auto Workers are successful in negotiating higher wages.
- e. The price of gasoline rises dramatically.
- f. Numerous reports announce that sport-utility vehicles perform poorly in highway crash tests.

2) Answer questions 2.12 and 2.15 on page 46 and 47 of the textbook. (Hint for question 2.12 part b: assume the quantity of corn is fixed at Q^* with the government subsidy.)