

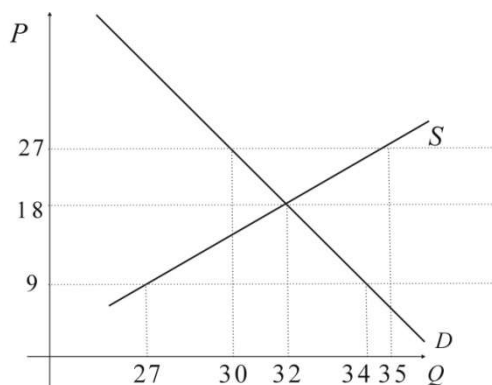
Introduction to Economics Final Exam Assignment

Some Notes

- If possible, write your homework using a computer, save it in pdf format and upload it to UBYS within the given period of time. If you do not have the skills/resources to do it with a computer, you can manually write your answers on A4 papers and take the image with a scan/photo type application and convert it to pdf. You can upload only twice, so be careful..
- Students who will not be able to do the above procedures due to technical problems should ask for help by sending me a message via Teams until Thursday, 21.1.2021, 17:00. After that point, no excuses will be taken into consideration about late delivery.
- Answer the questions in the order they are asked. It is up to you what you use to explain your answer. However, answers without explanation will not be accepted as correct. Figures with undefined axes or no explanation will not be considered correct.
- Plagiarism will not be tolerated. This includes not only classmates' homework, but the internet in general. Try to answer your homework based on your knowledge instead of "writing it down from somewhere". If any copy-paste is detected, it will be considered as plagiarism. That said, you can use any resources to get ideas and read the theory. Just write your answers in your own words

Questions

- 1) For each of the following scenarios, use a supply and demand diagram to illustrate the effect of the given shock on the equilibrium price and quantity in the specified competitive market. Explain whether there is a shift in the demand curve, the supply curve, or neither.
 - a) (20 points) The government introduces a tax on ice cream which is paid by producers. What is the effect in the ice cream market?
 - b) (20 points) China and Mexico are major producers of textiles. Workers in Mexico decide to go on strike. Show the effect on the market for Mexican textiles.
- 2) For each of the following pairs of goods, identify which one you would expect to have more own-price elastic demand. Please explain your reasoning.
 - a) (20 points) Computers (generally) vs. Apple MacBook Pro laptops.
 - b) (20 points) Stereo headphones (generally) vs. hearing aids.
- 3) Answer the following questions based on the graph below. Give a short explanation (or calculation) for your answer.



- a) (10 points) What is the equilibrium price and quantity?
- b) (10 points) What happens when the government imposes a price ceiling of \$27?