

## Problem Set Two

Name \_\_\_\_\_

### Chapter 3

2. How would each of the following affect the U.S. market supply for corn? Does the supply curve shift left or right and why?

a. A new and improved crop rotation technique is discovered.

b. The price of fertilizer falls.

c. The government offers new tax breaks to farmers.

d. A tornado sweeps through Iowa.

4. An Arizona student claims to have spotted a UFO over the desert outside of Tucson. How will his claim affect the *supply* (not the quantity supplied) of binoculars in Tucson stores?

5. What will happen to the equilibrium price and quantity of oranges if the wage paid to orange pickers rises?

6. How will an increase in the birth rate affect the equilibrium price of land?

9. Use supply and demand analysis to explain why hotel room rental rates in Bryan College Station during parents weekend and graduation weekends might differ from the rates charged during the rest of the year?

12. What will happen to the equilibrium quantity and price of potatoes if population increases and a new, higher yielding variety of potato plant is developed?

13. What will happen to the equilibrium price and quantity of apples if apples are discovered to help prevent colds and a fungus kills 10 percent of existing apple trees?

14. What will happen to the equilibrium quantity and price of corn if the price of butter (a complement) increases and the price of fertilizer decreases?

On my honor, as an Aggie, I have neither given nor received unauthorized aid on this assignment.

**Signature** \_\_\_\_\_