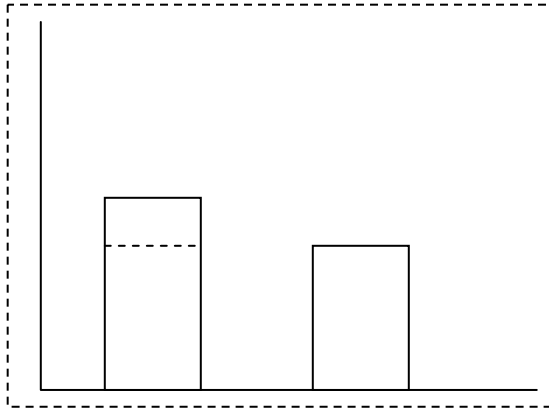


2. Here's an unlabelled sketch from class notes:



a) Carefully label the diagram.

b) Would you desire to live in this economy? Explain.

3. True or false and WHY?

a) The incidence of a specific per unit tax is fully determined by demand and supply. Therefore, the **full** amount of the tax is **either** the burden of the buyer **or** the seller.

b) Seat belts save lives.

4. What is a shortage?

5. For a given decrease in supply, what explains whether quantity exchanged will go down a little or down a lot?

Please sign the following: I have neither given nor received unauthorized aid on this piece of work, nor have I knowingly tolerated any violation of the Honor Code.
