

This is optional practice for comparative statics. Make lots and lots of graphs. These are placed in approximate order of difficulty.

1. What happens to the price and quantity of pez dispensers if the income of consumers falls when
  - a. Pez dispensers are a normal good
  - b. pez dispensers are an inferior goods
  
2. Polyester is an input to the production of polyester ties. What happens to the price and quantity of the polyester ties if
  - a. the price of polyester falls
  - b. the price of polyester rises
  
3. What happens to the price and quantity of computer chips if there is
  - a. an improvement in technology of producing computer chips
  - b. an decrease in technology of producing computer chips
  
4. Kumquats and toothpaste are complements. Graph both the kumquats and toothpaste market. What happens to the price and quantity of toothpaste if
  - a. Unusually good weather results in a larger than average crop of kumquats?
  - b. Kumquats are found to cure cancer?
  
5. Beer and rubbing alcohol are substitutes. Graph both the beer and rubbing alcohol markets. What happens to the price and quantity of rubbing alcohol if
  - a. There is a decrease in the price of barley (an input for beer making)?
  - b. Beer is now made illegal to consume? People who are caught drinking beer will be arrested.
  
6. What is the effect on p and q for the following cases? Rise, fall, or ambiguous?
  - a. An increase in supply combined with an increase in demand.
  - b. A decrease in supply combined with no change in demand.
  - c. An increase in supply combined with no change in demand.
  
7. M&M's are superior (normal) goods. Graph the M&M market for the following. What happens to the price and quantity of M&M's if
  - a. Income rises and the supply of M&M's increases?
  - b. Income falls and the supply of M&M's increases?