PS #2 Outlines of Suggested Answers    Bruce Brown, Econ. 1 (Micro-Principles) SMC

1) a) slope = -1/3;
b) B workers are changing industries of employment from Whistles to Bells;
c) slope = -2;
d) A workers are changing industries of employment from Whistles to Bells;
e) On segment AB opportunity cost of one Bell = 1/3 Whistle; on BC cost of one Bell = 2 Whistles;
f) On segment AB opportunity cost of one Whistle = 3 Bells; on BC cost of one Whistle = 1/2 Bell.

2) True or False:
i. T; ii. F; iii. T; iv. T; v. T; vi. F; vii. F; viii. F; ix. F; x. F;

3) i. Positive; ii) Positive; iii) Normative; iv) Normative; v) Positive; vi) Normative

4) i) Supply right;
ii) Supply left;
iii) Demand left;
iv) Demand left;
v) Demand right;
vi) Supply left;
vii) Supply right;
viii) Supply right;
ix) Both Supply and Demand right;
x) Demand left;
xi) Demand-May left and Demand-June right;
xii) Supply right (P down) in 2003, then Supply left (P up) in 2004.