1. Explain how Demand, Elasticity, and Total Revenue are all related to each other. Explain this relationship using at least two examples that incorporates all three concepts. Use examples and references from texts, Web sites, and other references or from personal experience, in answering this question.

2. Trade restrictions have a significant impact upon international trade. Identify and discuss at least two arguments that support trade restrictions and two against trade restrictions. Use at least one example for each argument. Which arguments do you agree with and why?

Answer the following questions based on the graph that represents J.R.'s demand for ribs per week of ribs at Judy's rib shack.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|

|  |
| --- |
| a. At the equilibrium price, how many ribs would J.R. be willing to purchase? |
| b. How much is J.R. willing to pay for 20 ribs? |
| c. What is the magnitude of J.R.'s consumer surplus at the equilibrium price? |
| d. At the equilibrium price, how many ribs would Judy be willing to sell? |
| e. How high must the price of ribs be for Judy to supply 20 ribs to the market? |
| f. At the equilibrium price, what is the magnitude of total surplus in the market? |
| g. If the price of ribs rose to $10, what would happen to J.R.'s consumer surplus? |
| h. If the price of ribs fell to $5, what would happen to Judy's producer surplus? |
| i. Explain why the graph that is shown verifies the fact that the market equilibrium (quantity) maximizes the sum of producer and consumer surplus. |

  |

