

Assignment 2: Answer Sheet and Grade Report

The overall performance on this assignment was excellent—the median was 92 (identical to that for HW 1). So, a detailed answer sheet did not seem necessary. The following are just some brief notes—they are **not** meant to be complete answers. If you need additional details please let me know.

- (16 points) **Q 2, p. 145.** This is pretty straightforward. Keep in mind that Sweden and Norway are engaged in trade both before overfishing and after.
- (23 points) **Q 9, p. 146.** This, too, is straightforward. Note that in situation 1, U.S. and China are open (that is, they are trading), and face the same relative prices; India is closed. In situation 2, all three countries are open and face the same relative prices. There is no growth—no PPF shift—in this question.
- (12 points) **Q 7, p. 168.** You need to refer to Figure 7-4, p. 161, and *specifically* discuss the significance of C_0 versus P_1 . In particular, what would happen if wages in China keep rising? What about the “Infant Industry” argument, which is a form of “Industrial Policy”?
- (16 points) **Q 2, p. 212.** You need to explain in *economic* terms why n should be rounded **down** to 15, and not **up** to 16; the latter (rounding up to 16) would be warranted based on the rules of arithmetic, but not of economics. Also, note that, at $n = 15$, $P > AC$. $P = \$7000$, $Q = 416,666.67$
- A close weaving together of your executive summary and the required papers is essential.



Statistical Report for Assignment 2 Grades

100	96	86
100	94	86
100	92	86
98	92	82
98	90	80
98	90	78
98	90	59
98	87	
96	87	

