

Assignment 2: Answer Sheet and Grade Report

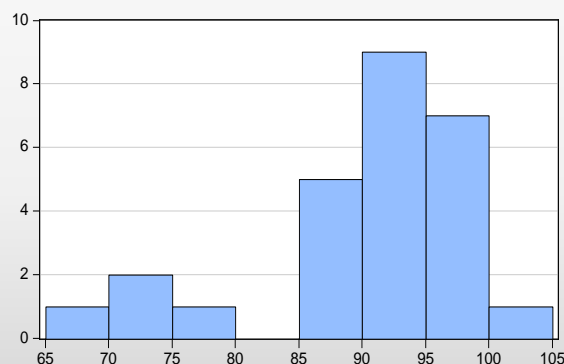
*The overall performance on this assignment was excellent—the median was 93.5 (identical to that for HW 1). So, a detailed answer sheet did not seem necessary. The following are just some brief notes—they are **not** meant to be complete answers. If you need additional details please let me know.*

1. (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.
2. (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.
3. (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”?
4. (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 $n = 15$, $P > AC$. $P = \$7000$, $Q = 416,666.67$
5. A close weaving together of your executive summary and the required papers is essential.



Statistical Report for Assignment 2 Grades

| | | |
|-----|----|----|
| 100 | 94 | 88 |
| 99 | 94 | 86 |
| 98 | 94 | 85 |
| 97 | 94 | 85 |
| 96 | 93 | 75 |
| 95 | 93 | 72 |
| 95 | 92 | 71 |
| 95 | 92 | 66 |
| 94 | 88 | |



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|-----------------|-----------|
| Series: ASSIG2 | |
| Sample 1 27 | |
| Observations 26 | |
| Mean | 89.65385 |
| Median | 93.50000 |
| Maximum | 100.0000 |
| Minimum | 66.00000 |
| Std. Dev. | 9.094800 |
| Skewness | -1.328858 |
| Kurtosis | 3.718188 |
| Jarque-Bera | 8.210852 |
| Probability | 0.016483 |