READY NOTES

for use with

ECONOMICS

David C. Colander

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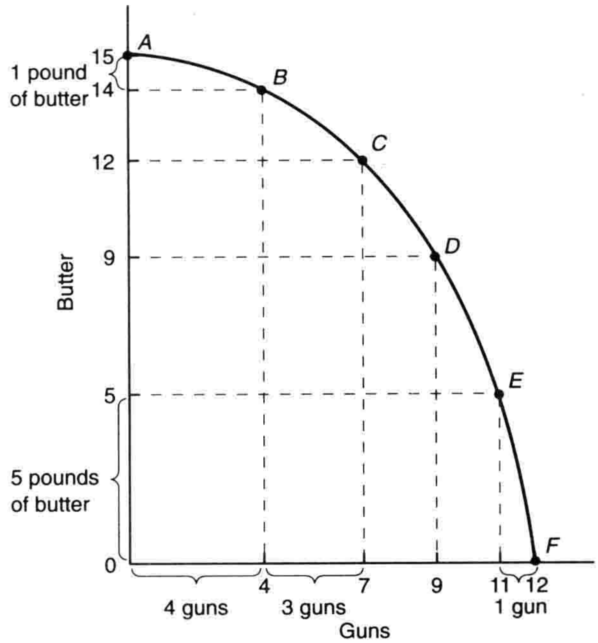
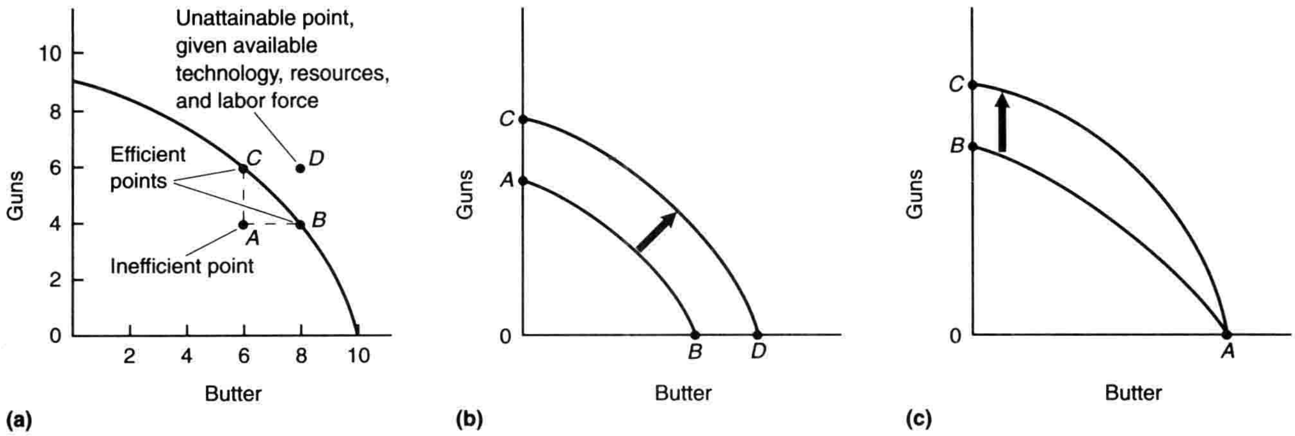
% resources devoted to production of guns	Number of guns	Pounds of butter	Row
0	0	15	*A*
20	4	14	*B*
40	7	12	*C*
60	9	9	*D*
80	11	5	*E*
100	12	0	*F*

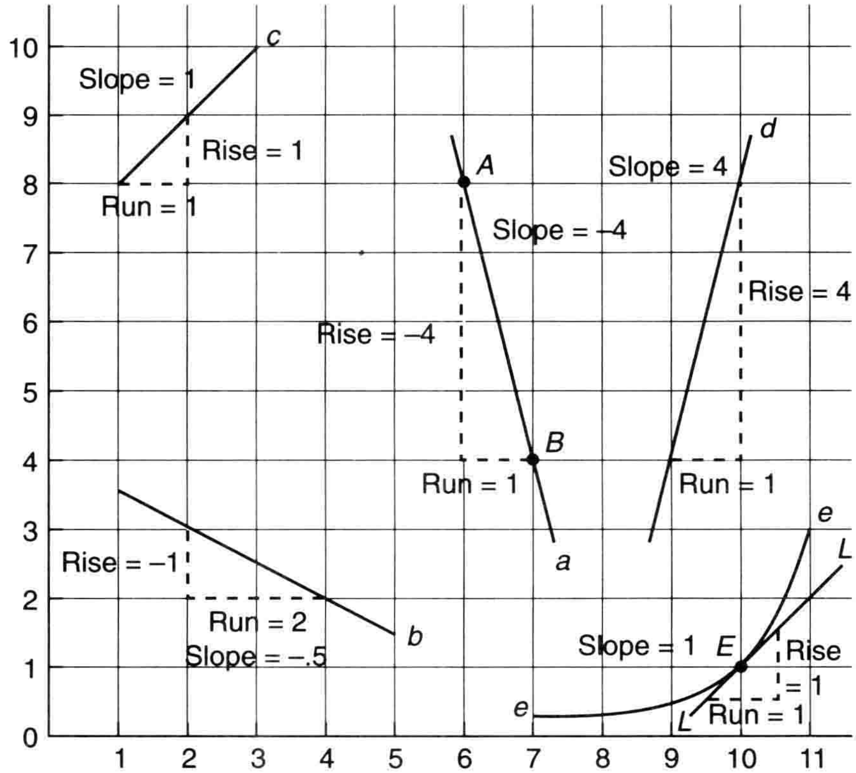
(a)



(b)

Efficiency and Inefficiency

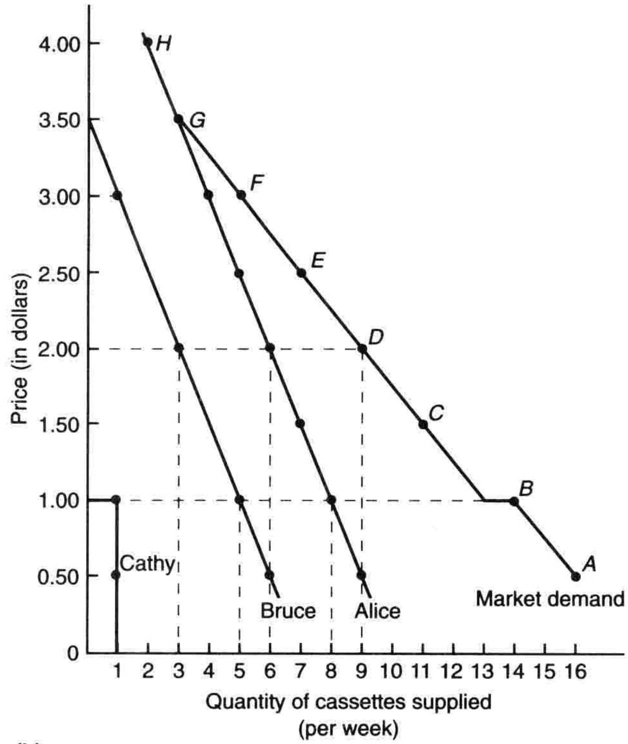




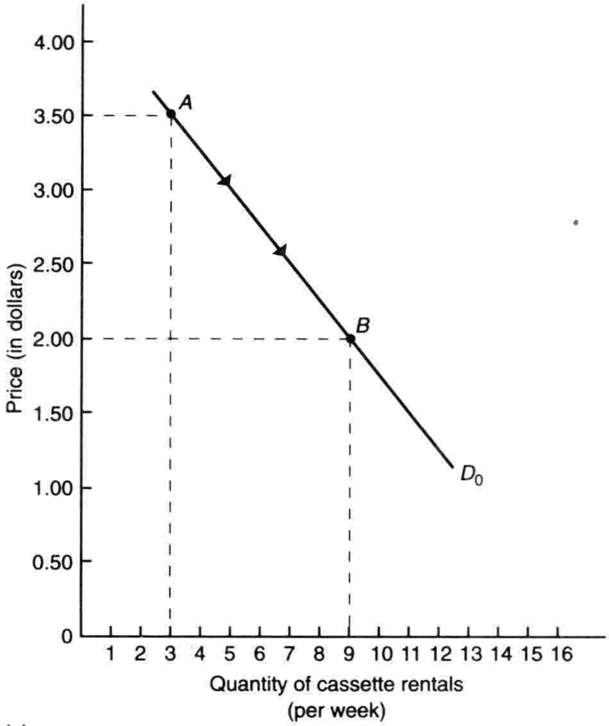
c
Slope = 1
Rise = 1
Run = 1
A
Slope = −4
Rise = −4
B
Run = 1
a
d
Slope = 4
Rise = 4
Run = 1
Rise = −1
Run = 2
Slope = −.5
b
e
L
Slope = 1
E
Rise = 1
Run = 1

(1) Price (in dollars)	(2) Alice	(3) Bruce	(4) Cathy	(5) Market demand	
0.50	9	6	1	16	*A*
1.00	8	5	1	14	*B*
1.50	7	4	0	11	*C*
2.00	6	3	0	9	*D*
2.50	5	2	0	7	*E*
3.00	4	1	0	5	*F*
3.50	3	0	0	3	*G*
4.00	2	0	0	2	*H*

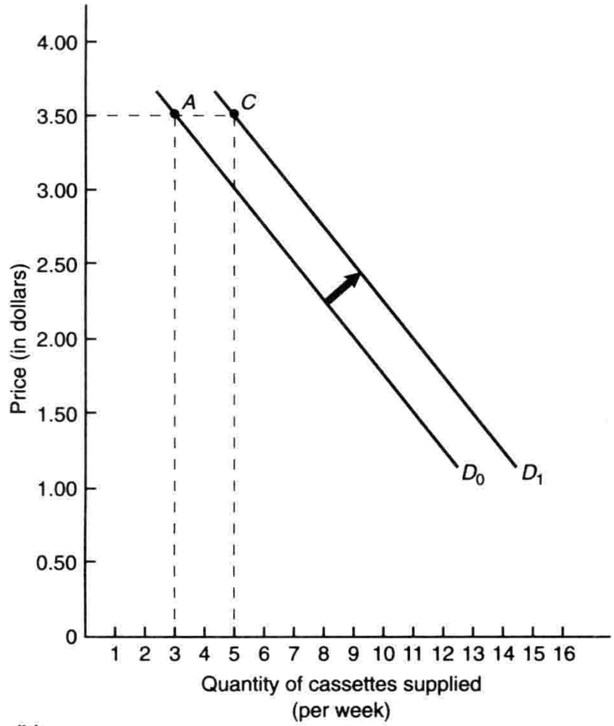
(a)



(b)

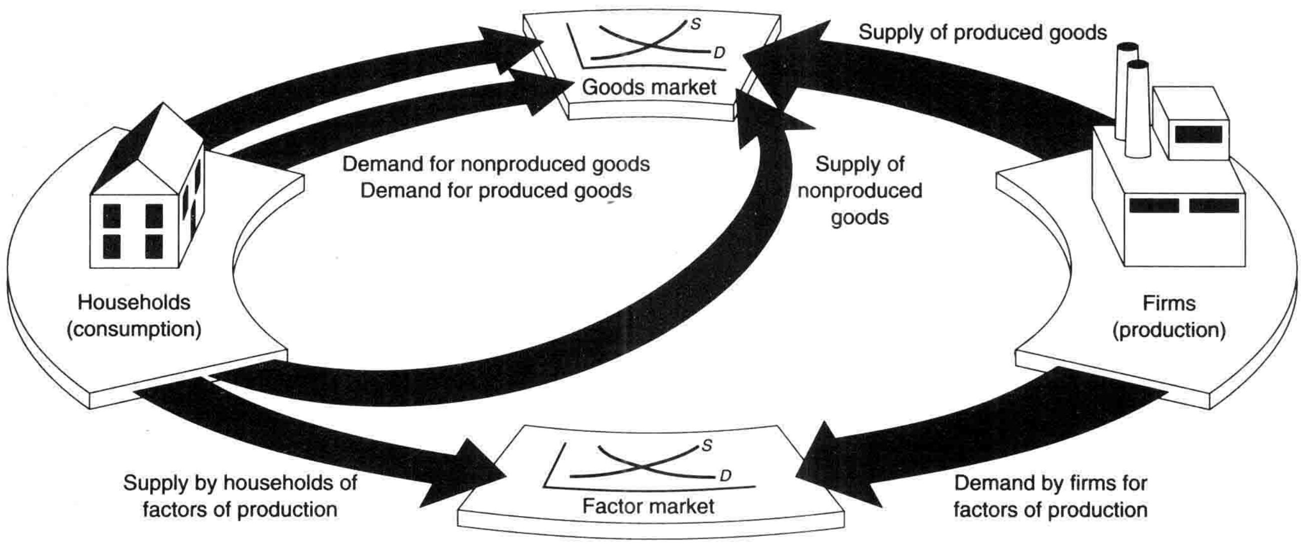

4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0
Price (in dollars)
A
B
D_0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16
Quantity of cassette rentals (per week)

(a)


4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0
Price (in dollars)
A
C
D_0
D_1
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16
Quantity of cassettes supplied (per week)

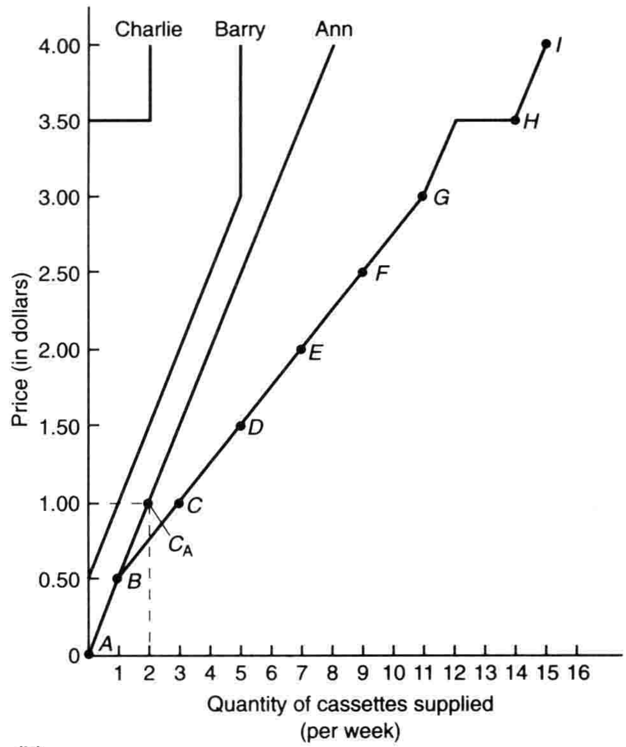
(b)

Transformation of Factors of Production into Consumable Goods

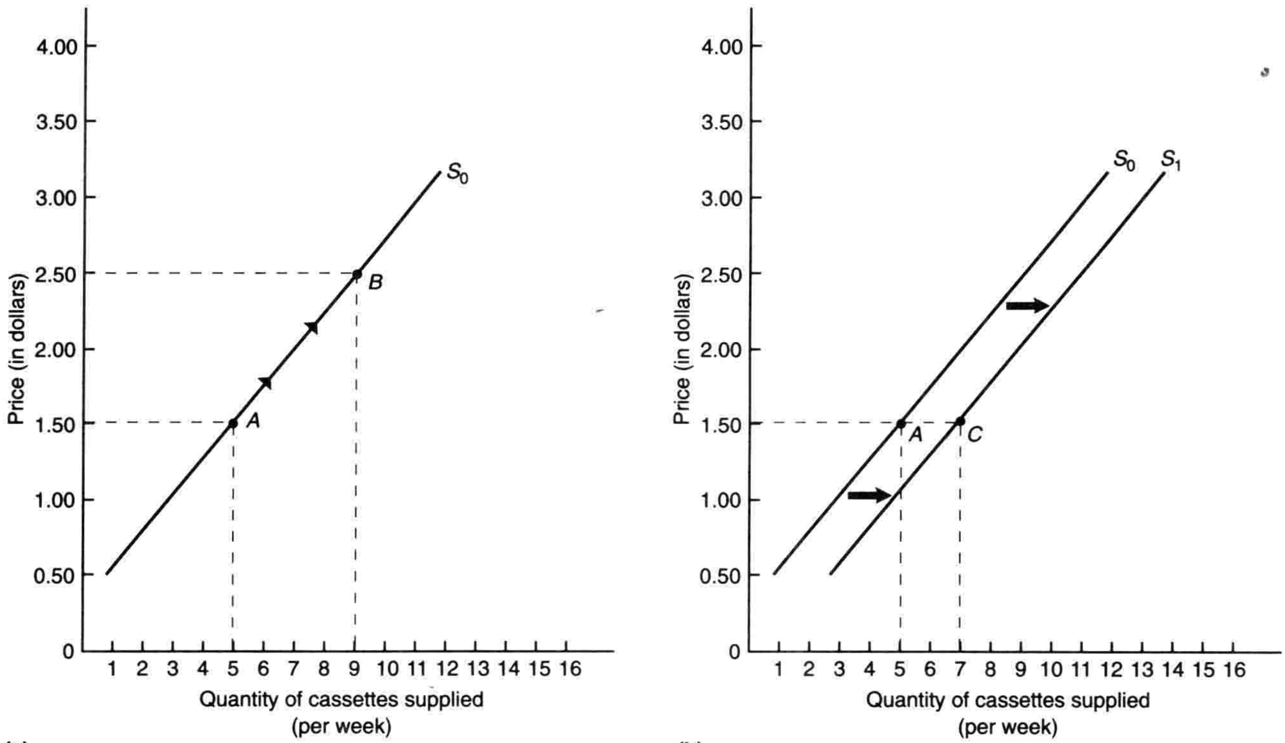


(1) Price (in dollars)	(2) Ann's supply	(3) Barry's supply	(4) Charlie's supply	(5) Market supply	Row
0.00	0	0	0	0	*A*
0.50	1	0	0	1	*B*
1.00	2	1	0	3	*C*
1.50	3	2	0	5	*D*
2.00	4	3	0	7	*E*
2.50	5	4	0	9	*F*
3.00	6	5	0	11	*G*
3.50	7	5	2	14	*H*
4.00	8	5	2	15	*I*

(a)



(b)


Price (in dollars)
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0
S_0
S_1
A
B
C
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16
Quantity of cassettes supplied
(per week)

(a) **(b)**