CH. 2.

13. The problem says to assume a 5-day workweek, so that $400 is earned working at home. With this, your opportunity cost will be $1,000.

14. For the given data:
   a. 1/3 unit of C
   b. U.S.; U.S.
   c. U.S.; U.K.
   d. U.S.; U.K.

16. a. Make your PPF diagram with cars on the vertical axis and washing machines on the horizontal. Then, your PPF will consist of two straight line segments with a kink at $C = 100, W = 600$. When $C = 100$ and $W > 600$, the frontier will be steeper than it is to the left of where $W = 600$. b. 4W. c. 6W. d. $(1/6)C; (1/4)C$. e. increasing.

CH. 3.

15. Effect on opportunity cost:
   e. increase
   f. decrease
   g. increase
   h. decrease

16. a. decrease
   b. decrease
   c. increase
   d. decrease

18. a. average tax rate, 20%, 17.5%, and 15%.
   b. Regressive
   c. Marginal rates, 20%, then 5%, then 10% as income increases.

CH. 4.

12. a. demand increases
   b. demand increases
   c. supply decreases
   d. supply increases
   e. demand decreases
   f. demand decreases
13. a. compl.; b. subst.; c. subst.; d. unrelated; e. compl.

15. a. Surplus/Shortage: -120; -70; 0; 70; 130; 170
b. shortage yields upward pressure on price
c. surplus yields downward pressure on price
d. $2.20
e. a shift in D, or S, or both
f. 200, 230, 270, 230, 200, 180

16. a. T; b. T; c. F; d. T

19. If demand curve is D, $P_e = 10$ and $Q_e = 175$. If demand is $D'$, $P_e = 12$ and $Q_e = 175$. If gov. does not allow price to change, shortage of 225 occurs.