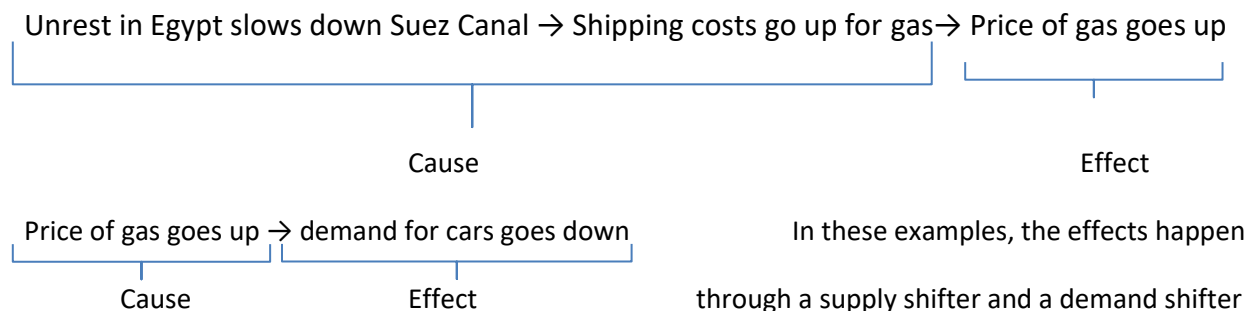


Assignment 1: Equilibrium Analysis

ECON 22060

FOR DUE DATE, SEE THE SUBMISSION LINK ON BLACKBOARD

For your first assignment, you will be taking a real life event and analyzing its effect on a market of your choosing. You should look for how this event might affect one of the demand or supply shifters we have discussed in class. Furthermore, your analysis should include a chain of causes and effects which is at least two effects long. For instance:



You, of course, cannot use parts of this example for your own work. In the example, you can see that there are two clear causes and effects. In every step, you should specify the effects on both quantity and price, even though I only talked about price in the example.

Key points for the assignment:

- Use an event from the news in the past 6 months (a year AT MOST)
- Include a link to the article about the event at the end of your assignment.
- Include at least two stages of cause and effect
- Clearly identify the cause and effect in each stage
- Explain WHY the cause creates the effect using one of the demand/supply shifters from class

Limit the length of the assignment to 2 pages double spaced. You may find that you can complete the assignment in a couple paragraphs and less than two pages. That's totally fine, as long as you meet the other criteria.

DO NOT INCLUDE GRAPHS IN YOUR HOMEWORK! This is a chance to explain IN WORDS what you've learned so far and how it relates to something in the real world.

Rubric for Peer Evaluation:

10 points: The submitter clearly shows a cause and effect chain where something from an article is used as a cause and the effect is given based on a demand or supply shifter from class. The submitter then uses that effect as a new cause and shows how this new cause will have an effect in some market, justified, again, by one of the demand or supply shifters from class. A link to an article with the initial cause is provided at the end.

9 points: The submitter showed a cause leading to an effect and used that effect as the cause for a second effect. Both were justified using a demand or supply shifter we discussed in class. The writing may be slightly unclear or the argument not precisely presented, but the core tenets of a correct answer are present. If a correct argument is made but no link to an article is included, that would also be a 9.

8 points: Either the submitter attempted to show a second effect (using the first effect as a cause) and was wrong, or the submitter gave two causes and effects that were correct but unrelated. At least one cause and effect should be justified based on one of the demand or supply shifters we discussed in class.

7 points: The submitter tried to answer the question but only showed one cause and one effect, or showed causes and effects without relating them to the demand and supply shifters we discussed in class.

6 points: It seems like the submitter attempted to answer the question, but the response is completely wrong or impossible to understand.

0-5: The submitter did not make an attempt to answer the assignment. A 0 will represent no effort while a 5 represents effort but completely off topic.

10 pt. Model Response:

The first ever electricity generated by ocean waves has been produced in Hawaii. This will cause the supply of electricity to increase, as it is an increase in technology, one of the supply shifters. Increased supply will cause the price of electricity to go down.

When the price of electricity goes down, this will cause demand for complement goods to electricity to go up, as the price of related goods is a demand shifter. Electric cars like Teslas require electricity to run, so they are complementary goods. Thus, a decrease in the price of electricity will cause the demand for Teslas to increase.

<https://www.yahoo.com/tech/first-wave-produced-electricity-us-goes-online-hawaii-060950840.html>