Take Home Assignment 2

From Chapter 4: (Page 104) Please do Practice Problems 1, 2, 3, 4, 5, and 6.

From Chapter 5: (Page 124) Please do Practice Problems 1, 2, 3 and 5.

Questions related to chapter 6:

Question 6.1: Many cities in the United States use rent controls designed to make housing affordable for their citizens.
   a. Explain how rent controls can lead to the conversion of existing rental housing units to office space or parking lots.
   b. Explain how rent controls can lead to the deterioration of existing rental housing units.

Question 6.2: After a major ice storm left 90,000 New York utility customers without power in January 1998, generators that normally sold for $500 were being sold for as much as $3,000. New York law prohibits raising prices for necessities in emergency situations. Elevated prices prompted the State Attorney's office to promise to prosecute price gougers.
   a. Explain how this law prevents markets from clearing. Does it create a price floor or a price ceiling?
   b. How might antiprice gouging legislation actually work to keep people cold longer?

From Chapter 8: (Page 206) Please do Practice Problems 1, 2, 3, 5 and 7.