

Assignment 1: Recycling

After reading the article, answer the following questions.

Question 1

- i.** Illustrate graphically what happened to the demand for mixed-use plastics after China's decisions. What happened to the equilibrium price and equilibrium quantity? Provide an explanation for your answer.
- ii.** Do you think consumers will change their preferences for recycling. Let's suppose they do. Illustrate graphically what happens to the supply of recycling if consumers change their recycling preferences (Alternatively, we can say that consumers incur an additional cost by recycling, and they are a major input to the supply function of recyclable goods).
- iii.** Combine your answers to the above questions. What happens to the equilibrium price and equilibrium quantity? (You do not need to illustrate this situation graphically)