**Business Economics**

**Assignment #1**

**Q# 1: General Motors Cuts Production for Quarter**

General Motors cut its fourth-quarter production schedule by 10 percent because Ford Motor,

Chrysler, and Toyota sales declined in August. *Source: The New York Times, September 5, 2007*

1. Explain whether this news clip illustrates a change in the supply of cars or a change in the

Quantity supplied of cars.

**Q#2: Explain what is wrong with this statement.**

“As more people buy computers, the demand for Internet service increases and the price of Internet service decreases. The fall in the price of Internet service decreases the supply of Internet service.”

**Q#3: Strawberry Prices Drop as Late Harvest Hits Market**

Shoppers bought strawberries in March for $1.25 a pound rather than the $3.49 a pound they paid last year. With the price so low, some growers destroyed their strawberry plants to make way for spring melons; others froze their harvests and sold them to juice and jam makers.

*Source: USA Today, April 5, 2010*

1. Describe the changes in demand and supply in the market for strawberry jam.

**Q#4: Frigid Florida Winter is Bad News for Tomato Lovers**

An unusually cold January in Florida destroyed entire fields of tomatoes and forced many farmers to delay their harvest. Florida’s growers are shipping only a quarter of their usual 5 million pounds a week. The price has risen from $6.50 for a 25-pound box a year ago to $30 now. *Source: USA Today, March 3, 2010*

A. Make a graph to illustrate the market for tomatoes in January 2009 and January 2010.