

Econ 335

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Problem Set #1

Please do the problems 2, 4, 6, 8, 10.

Extra credit:

In Q.10, show in your diagram that the rest of the world is worse-off because of this innovation in the US. Who gains and who loses because of this innovation in the US? Do consumers and producers both gain when you compare the international equilibrium after the innovation with the international equilibrium before the innovation?