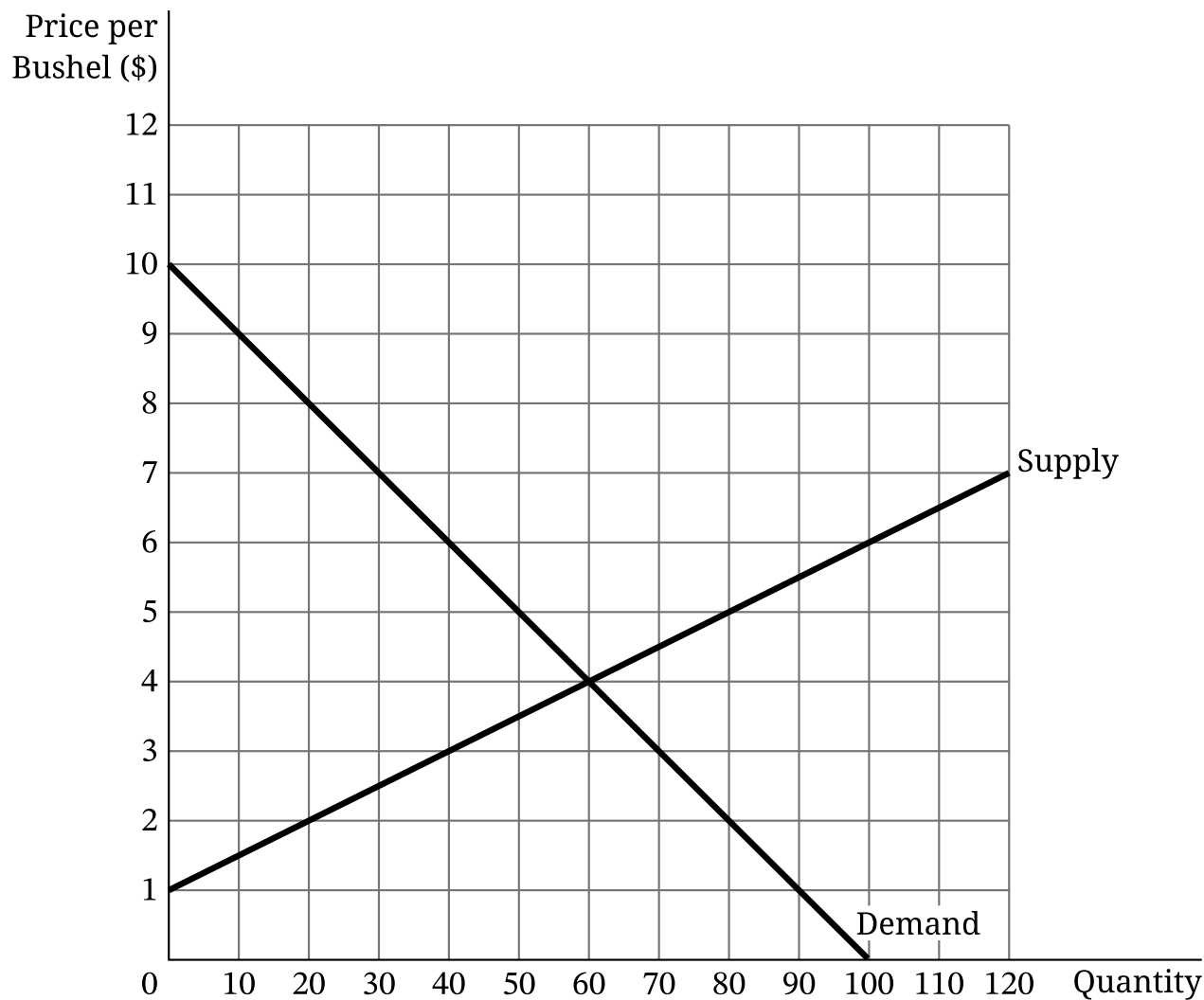


2. The graph provided shows the market for rice in the country of Rushland.



- A. Calculate the total economic surplus at market equilibrium. Show your work.
- B. If the government sets a price floor at \$3 per bushel, will there be a surplus, a shortage, or neither? Explain.
- C. Suppose that instead of the price floor, Rushland engages in international trade and the world price of rice is \$5 per bushel.
 - i. Will Rushland export or import rice? Explain using numbers from the graph.
 - ii. Calculate the domestic consumer surplus when Rushland engages in international trade. Show your work.
 - iii. Calculate the total revenue that Rushland’s farmers will earn at the world price. Show your work.