Econ 1 M10		
Quiz 3	Name	Perm

- 1. I would be willing to pay up to \$2,250 for a used 42" flat panel TV. I find one on craigslist.com for \$150. If I buy it, what is my consumer surplus?
- 2. The table on the left shows Cameron's total benefit from different quantities of Pizza. Use this information to fill in the demand schedule.

Slices of	Total	Price Range	Quantity
Pizza	Benefit		Demanded
1	\$8.00	P > \$	0
2	\$14.00	\$ to \$	1
3	\$18.00	\$ to \$	2
4	\$20.00	\$ to \$	3
5	\$20.00	\$ to \$	4
		\$to \$	5

3. What will Cameron's consumer surplus be if Pizza costs \$1.00 per slice?

The market for yam sauce is a competitive market. There are 200 buyers of yam sauce, and each of these buyers has the individual marginal benefit function of $MB_i = 6 - 2q_i$. There are 50 sellers of yam sauce, and each of these sellers has the individual marginal cost of $MC_i = 3 + q_i$.

4. The demand function (from all buyers combined) is $Q_d = ___ - __ P$.

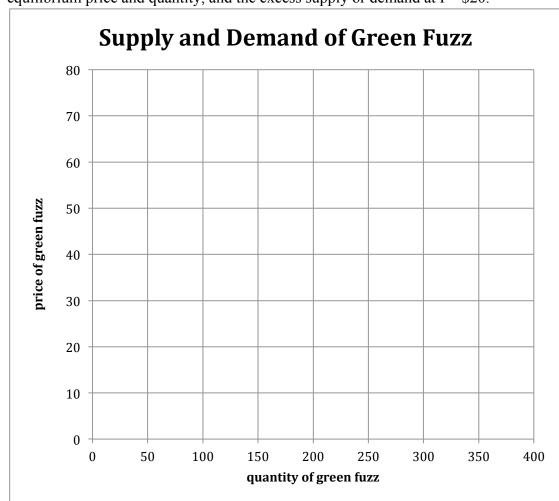
5. What is the equilibrium price of yam sauce?

- 6. In the market equilibrium, what is the total consumer surplus?
- 7. In the market equilibrium, what is the total producer surplus?

8. Suppose that bread and butter are *compliments*. If the price of bread increases, them we would expect the equilibrium price of butter to go ______ (up, down) and the equilibrium quantity of butter to go ______ (up, down).

In the market for green fuzz, quantity supplied and quantity demanded are given by: $Q_s = 5P - 50$ and $Q_d = 400 - 10P$.

9. If the current price of green fuzz is \$20, there is an excess _____ (supply, demand) of _____



10. On the blank graph below, draw the supply and demand curves. Label the equilibrium price and quantity, and the excess supply or demand at P =\$20.