

Econ 1 M10

Quiz 3 Name _____ Perm _____

- 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? _____
- 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 Pizza	Total Benefit
1	\$8.00
2	\$14.00
3	\$18.00
4	\$20.00
5	\$20.00

Price Range	Quantity Demanded
$P > \$$ _____	0
\$ _____ to \$ _____	1
\$ _____ to \$ _____	2
\$ _____ to \$ _____	3
\$ _____ to \$ _____	4
\$ _____ to \$ _____	5

- 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 $MC_i = 3 + q_i$.

- The demand function (from all buyers combined) is $Q_d = \underline{\hspace{1cm}} - \underline{\hspace{1cm}} P$.
- What is the equilibrium price of yam sauce? _____
- In the market equilibrium, what is the total consumer surplus? _____
- In the market equilibrium, what is the total producer surplus? _____

8. Suppose that bread and butter are *compliments*. If the price of bread increases, then 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 $P = \$20$.

