

EXERCISE 3

QUOTUM

Data:

$$Q_d = 80 - P$$

$$Q_s = P$$

- 1 Draw D and S model
- 2 Draw market equilibrium
- 3 Calculate market equilibrium (P_e , Q_e)

- 4 Draw CS, PS, TW
- 5 Write-down formulas CS, PS, TW

6 Calculate CS, PS, TW

Imagine government sets quorum of 30

7 Draw Quorum (Q_q)

8 Indicate new market equilibrium

9 Calculate new market equilibrium

10 Draw CS', PS', TW'

11 Write-down formulas CS', PS', TW'

12 Calculate CS', PS', TW'

13 Draw DWL

14 Calculate DWL

CS		CS'	
PS		PS'	
TW		TW'	

$$DWL = TW' - TW =$$