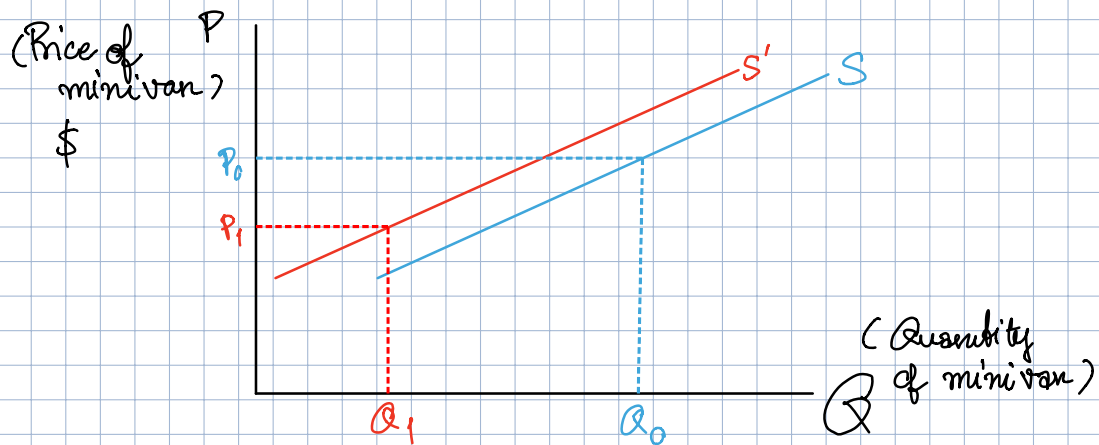


6304640102 HW#4

b. A strike by steelworkers raises steel prices.

An increasing of steel prices makes the initial capital of minivan production higher. Therefore, the minivan supplier will produce less because it's less profitable if they are still produce at the same quantity so by doing that they can save their initial capital at the same rate as before.

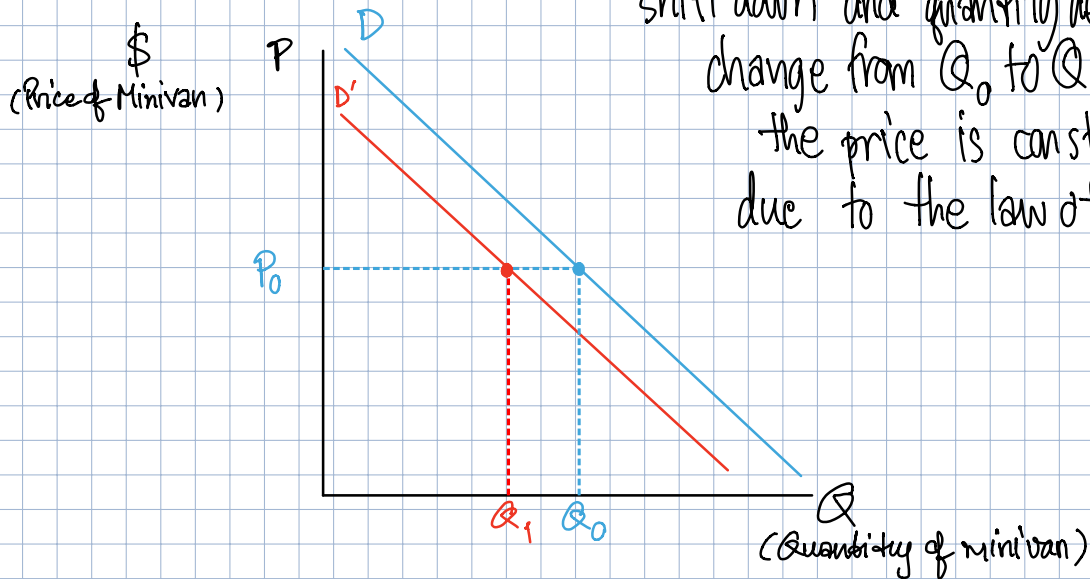


$\therefore$ In this situation, the supply was affected. The supply curve shift left and quantity supplied change from Q_0 to Q_1 , price change from P_0 to P_1 as the law of supply.

e. A stock market crash lowers people's wealth.

Lower people's wealth got crashed by the stock market, the demand for minivan would decrease because people wanted to save their money. The demand curve will shift down and that makes the quantity demanded lower.

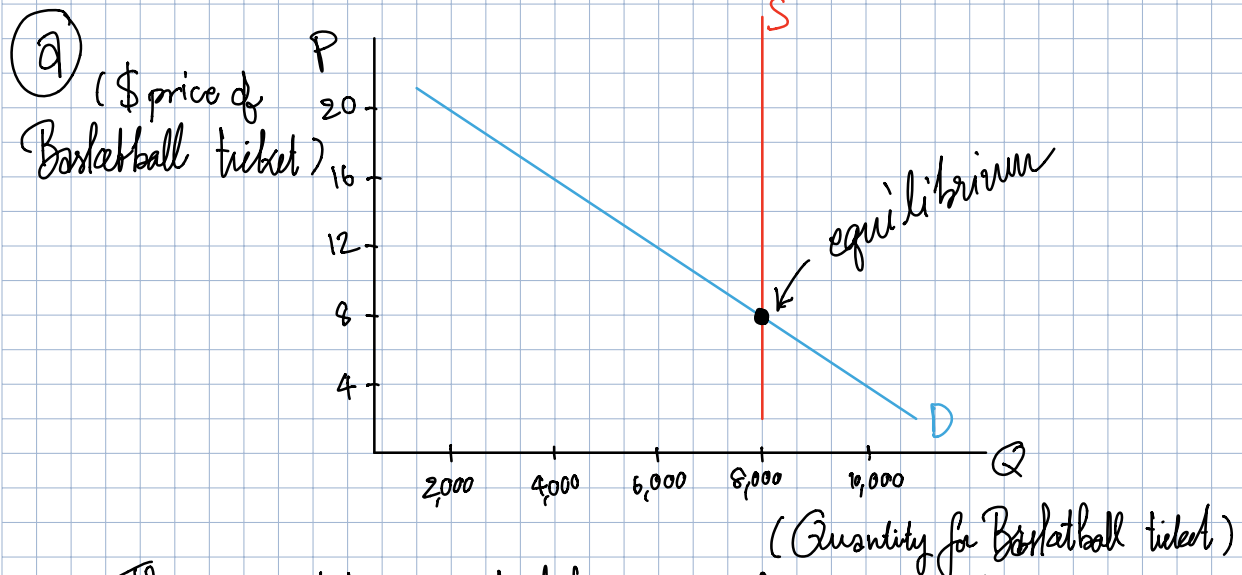
∴ In this situation, the demand was affected. The demand curve shift down and quantity demanded change from Q_0 to Q_1 , the price is constant due to the law of demand.



11. Suppose that the price of basketball tickets at your college is determined by market forces. Currently, the demand and supply schedules are as follows:

Price	Quantity Demanded	Quantity Supplied
\$4	10,000 tickets	8,000 tickets
8	8,000	8,000
12	6,000	8,000
16	4,000	8,000
20	2,000	8,000

- Draw the demand and supply curves. What is unusual about this supply curve? Why might this be true?
- What are the equilibrium price and quantity of tickets?
- Your college plans to increase total enrollment next year by 5,000 students. The additional students will have the following demand schedule:



The quantity supplied has no change, which means that it's perfectly inelastic (vertical). The change in price doesn't affect the quantity supplied. Therefore, the Basketball ticket seller has limitation for supplying in seat or whatever that make them unable to supply more.

b) The equilibrium price is \$8 and the equilibrium quantity is 8,000 ticket

Price	Quantity Demanded
\$4	4,000 tickets
8	3,000
12	2,000
16	1,000
20	0

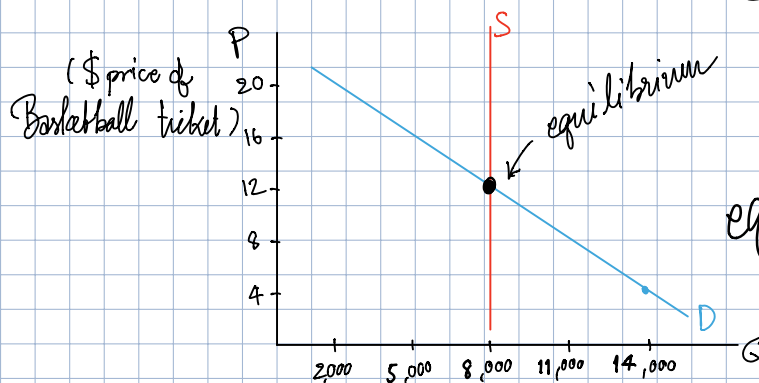
Now add the old demand schedule and the demand schedule for the new students to calculate the new demand schedule for the entire college. What will be the new equilibrium price and quantity?

#2

③ First, combine the old demand schedule with the demand schedule for new students,

PRICE	Q_D
\$4	14,000
\$8	11,000
\$12	8,000
\$16	5,000
\$20	2,000

then draw a diagram



the new equilibrium price will be \$12 but the equilibrium quantity still be the same at 8000 tickets.