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3. Consider the market for minivans. For each of the events listed here, identify which of the determinants of demand or supply are affected. Also indicate whether demand or supply increases or decreases. Then draw a diagram to show the effect on the price and quantity of minivans.

~~a. People decide to have more children.~~

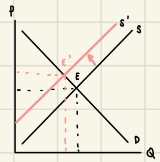
b. A strike by steelworkers raises steel prices.

~~c. Engineers develop new automated machinery for the production of minivans.~~

~~d. The price of sports utility vehicles rises.~~

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

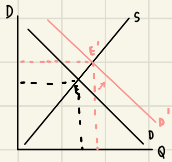
#1 Answer only part (b) and (e). Follow the instruction of the question and, in addition, and describe the market mechanism that causes the change in the market equilibrium.



b.) The supply is effected The increasing price of steel led to the shift of supply line to the left from S to S'

because of the increasing price of input to build the van When the input of minivan is increases, the seller want to produce less of minvan

Due to shift of supply line create the new equalibrium at E'



e.) The income of buyer which is the factor that make the shift of demand line to shift is increase, so buyers are will and able to buy less

The shift of demand line create the new equilibrium from e to e'

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

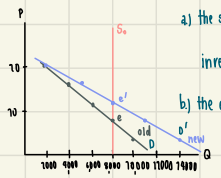
a. Draw the demand and supply curves. What is unusual about this supply curve? Why might this be true?

b. What are the equilibrium price and quantity of tickets?

c. Your college plans to increase total enrollment next year by 5,000 students. The additional students will have the following demand schedule:

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?



a.) the supply line is extreme case which is perfectly inelastic supply. This supply curve is hard to see inreal life. However, In this case the seat is limited and have only 8,000 seat in the hall. So, if demand curve is shift, the number of ticket will be stable.

b.) the equalibrium is when the demand curve and supply curve are intersect. The equilibrium of basket ball ticket is at price $8 and the quantity of ticket is 8000

c.) New demand curve : quantity Demand (old) + quantity demand next year by 5000 more student.

Price	Quantity demand (new)
4	14000
8	11000
12	8000
16	5000
20	2000

Due the increasing in total entrollment of 5,000 student which is in the factor that cause the demand curve to shift (increasing of buyer) the demand line will shift up ward from D to D'

The shift of demand curve cause new equilibrium at e' which price per ticket is $12 and quantity of ticket is 8,000