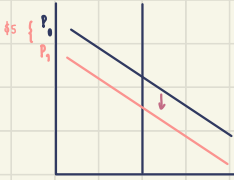


9. At Fenway Park, home of the Boston Red Sox, seating is limited to about 38,000. Hence, the number of tickets issued is fixed at that figure. Seeing a golden opportunity to raise revenue, the City of Boston levies a per ticket tax of \$5 to be paid by the ticket buyer. Boston sports fans, a famously civic-minded lot, dutifully send in the \$5 per ticket. Draw a well-labeled graph showing the impact of the tax. On whom does the tax burden fall—the team's owners, the fans, or both? Why?



The tax burden will be on team's owner as the supply is inelastic, seller want to sell more as they possible while demand curve is more elastic

10. A market is described by the following supply and demand curves:

$$Q^S = 2P$$

$$Q^D = 300 - P$$

- Solve for the equilibrium price and quantity.
- If the government imposes a price ceiling of \$90, does a shortage or surplus (or neither) develop? What are the price, quantity supplied, quantity demanded, and size of the shortage or surplus?

a.) equilibrium price is at $Q^S = Q^D$ so,

$$2P = 300 - P$$

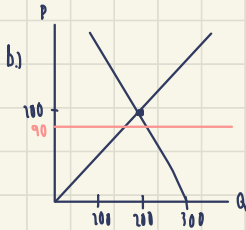
$$3P = 300$$

$$P = 100$$

$$Q^S = 2(100) = 200$$

$$Q^D = 300 - 100 = 200$$

The equilibrium is at $P = 100$ and quantity is at 200

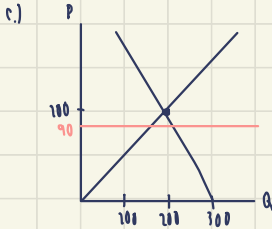


Due government set the price ceiling at 90, there a shortage or excess demand due to consumer can get good & supply in lower price

- c. If the government imposes a price floor of \$90, does a shortage or surplus (or neither) develop? What are the price, quantity supplied, quantity demanded, and size of the shortage or surplus?
- d. Instead of a price control, the government levies a tax on producers of \$30. As a result, the new supply curve is:

$$Q^S = 2(P - 30).$$

Does a shortage or surplus (or neither) develop? What are the price, quantity supplied, quantity demanded, and size of the shortage or surplus?



if government set floor price at 90, it's not effect on the demand, supply curve and not create surplus/shortage set the floor price below the equilibrium point does not make any effect on price market because the price at equilibrium is at 100 to set the minimum price at 90 it does not make any shift of demand or supply curve

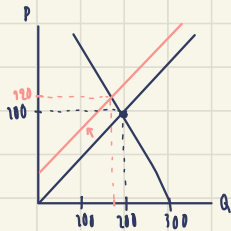
d.) $Q_D = Q_S$

$$2P - 60 = 300 - P$$

$$3P = 360$$

$$P = 120$$

$$Q_S = 2(120 - 30) = 180$$



Due to government tax on producer for 30\$ the supply decrease from 200 to 180 but the quantity demand remains unchanged there is excess demand or surplus then the price keep increasing until the excess demand will equal zero and meet new equilibrium point where price is 120 and quantity is 180