

HW#5 Due Feb 3, 2022

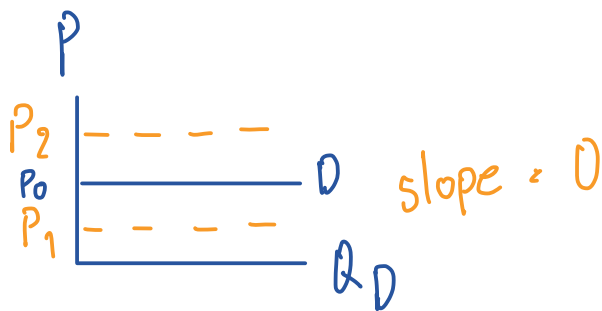
1) How the demand increases in each of these extreme cases

A) Demand is horizontal

B) Demand is vertical

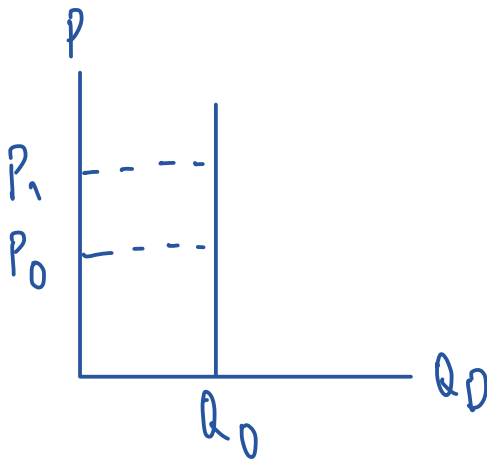
2) If individual demands of two consumers are horizontal but at different prices, what will be the market demand derived from these two consumers?

1) (A)



At P_0 , Q_D is infinity
 At P_2 , Q_D is zero

(B)



At price P_0 or P_1 , the quantity demand is still Q_0

2)

