Answers

**EE211 Section 1 Quiz 4 (Submit in class)**

**Name________________________________Last 4 digits ID _________________________**

**Answers all following questions. Provide full explanation with graphs.**

1. Alexis, Bruno, and Camila each want an ice-cream cone. Alexis is willing to pay $12, Bruno is willing to pay $8, and Camila is willing to pay $4. The market price is $6. The consumer surplus is
   a. $6
   b. $8
   c. $14
   d. $18

CS ⇒ (12-6)+(8-6)
6 +2 = 8 //.

2. If the price of an ice-cream cone falls to $3, the consumer surplus of Alexis, Bruno, and Camila increases by ______________________.

$CS_{new} - CS_{old} = 15 - 8 = \$7$ //.

P = $3

$CS_{new}$ ⇒ (12-3) + (8-3) + (4-3)
9 + 5 + 1 = 15

$CS_{old}$ ⇒ 8 from question 1

3. Diego, Emi, and Finn are available to work as tutors for the semester. The opportunity cost of tutoring is $400 for Diego, $200 for Emi, and $100 for Finn. The university is hiring tutors at a price of $300. Producer surplus in this market is
   a. $100.
   b. $200.
   c. $300.
   d. $400.

P = $300

PS ⇒ (300-200) + (300-100)
100 + 200 = $300 //