Thitirat Viwatdecha
6404641315

HW#6 Due Feb 10, 2022
From Problem and Applications of Mankiw book, Chapter 4 The Market Forces of Supply and Demand
#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.

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.

#2

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?

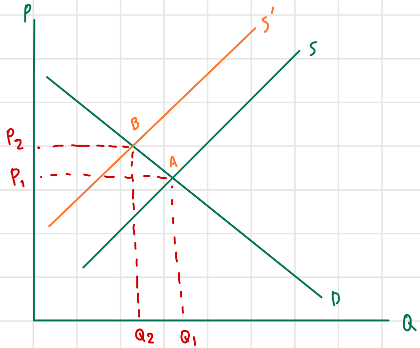
   c. Your college plans to increase total enrollment next year by 5,000 students. The additional students will have the following demand schedule:

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?

9

b. A strike by steelworkers raises steel prices.

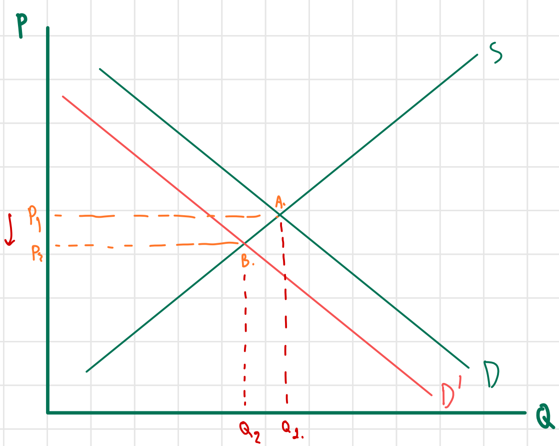


From the graph, when the price increase, it will effect the Supply to shift up ↑

∴ the demand is unchange. but the Supply is ↑ in minivans market

↳ = more seller.

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



When the people's wealth is lower. It will effect the "Demand" to decrease because people are not be able and willing to pay the same price.

• The price and quantity will decrease from P_1 to P_2 and Q_1 to Q_2

2

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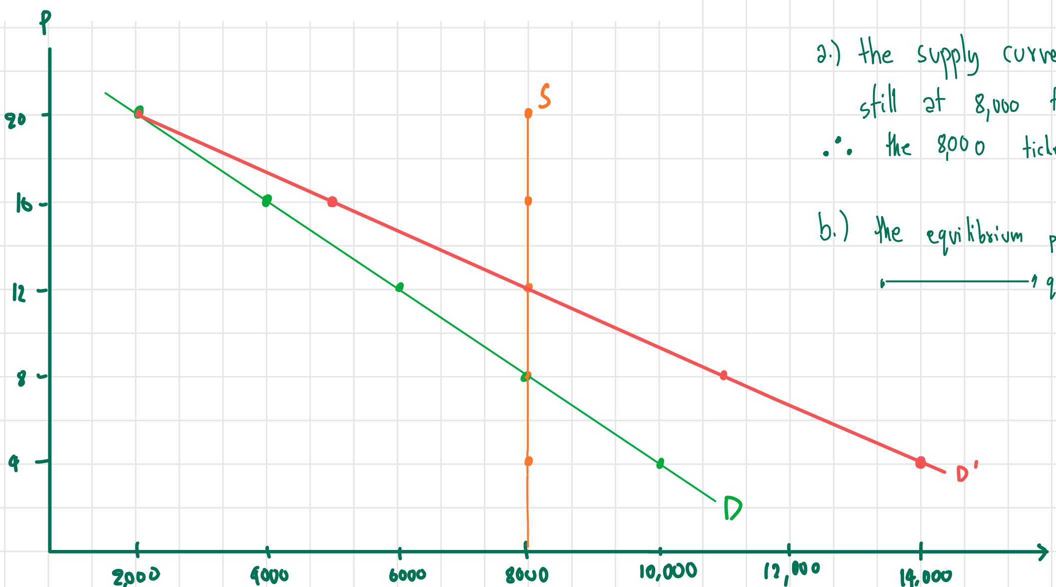

a.) the supply curve is Vertical means that the quantity is still at 8,000 tickets at the all level of price.
∴ the 8000 tickets are avilable for maximum price.

b.) the equilibrium price is 8 $
quantity is 8,000 tickets

c.) the equilibrium price is increase. from 8 $ to 12 $, But the equilibrium quantity is still the same at 8,000 tickets