

## Problem Set 1, My Name:

Question 1:

Draw a supply and demand curve and show the equilibrium price and quantity. Suppose that a **relevant** price ceiling were imposed by the government. Show the effects on quantity supplied and demanded.

Question 2:

Draw the supply and demand curve for movie tickets at a theater and show the equilibrium price and quantity. Suppose that Netflix and other online streaming services were forced to raise prices from regulatory violations. What would happen to the demand for movie tickets? What would happen to equilibrium price and quantity?

Question 3:

Suppose you wake up tomorrow and hear on the radio that the price of crude oil has decreased 50%. You hear a commentator saying that this lower price will mean people use more oil in the future. What is the problem with this statement? Use supply and demand analysis to show the serious problem with this statement.

Question 4:

A college football stadium sells out every home game. Draw a graph showing the supply of tickets for football games. Now draw a demand curve, and show the equilibrium price. Suppose that demand for tickets increases, so that demand shifts out. What happens to the equilibrium quantity of tickets? What happens to the equilibrium price?