Quiz # 6

1.- (35 points) Show using graphical analysis that if an excise tax is imposed on a good whose demand is elastic, the tax will be mainly paid by producers. Your graph must clearly show what is required in this question.

2.- (25 points) There are six potential consumers of computer games, each willing to buy only one game. The following information is available on these consumers:

<table>
<thead>
<tr>
<th>Consumer</th>
<th>Willingness to Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$80</td>
</tr>
<tr>
<td>2</td>
<td>$70</td>
</tr>
<tr>
<td>3</td>
<td>$60</td>
</tr>
<tr>
<td>4</td>
<td>$50</td>
</tr>
<tr>
<td>5</td>
<td>$40</td>
</tr>
</tbody>
</table>

a) Suppose the market price is $58; What is the total consumer surplus?
b) Now the market price decreases to $48. What is the total consumer surplus now?

3.- (40 points) The graph below shows the typical customer’s demand curve for an amusement park.

![Demand Curve Diagram]

a) Suppose that the price of each ride is $10. At that price, how much consumer surplus does an individual consumer get?
b) Suppose that the park manager is considering charging an admission fee, even though it maintains the price of each ride at $10. What is the maximum admission fee she could charge?

4.- (bonus question; 5 points) Determine the amount of producer surplus generated in the following situation: Jenny had advertised her car for sale for $6000, but she was willing to sell the car for any price higher $4500. After receiving offers of $3000, $4000, and $5000, she sold her car to the best offer.
1.- (35 points) Show using graphical analysis that if an excise tax is imposed on a good whose demand is inelastic, the tax will be mainly paid by consumers. Your graph must clearly show what is required in this question.

2.- (25 points) There are six potential consumers of computer games, each willing to buy only one game. The following information is available on these consumers:

Consumer 1    willingness to pay: $100
Consumer 2    willingness to pay: $80
Consumer 3    willingness to pay: $60
Consumer 4    willingness to pay: $40
Consumer 5    willingness to pay: $20

a) Suppose the market price is $36; What is the total consumer surplus?
b) Now the market price increases to $61. What is the total consumer surplus now?

3.- (40 points) The graph below shows the typical customer’s demand curve for an amusement park.

![Demand Curve](image)

- c) Suppose that the price of each ride is $20. At that price, how much consumer surplus does an individual consumer get?
- d) Suppose that he park manager is considering charging an admission fee, even though it maintains the price of each ride at $20. What is the maximum admission fee she could charge?

4. – (bonus question; 5 points) Determine the amount of producer surplus generated in the following situation: Jenny had advertised her car for sale for $16000, but she was willing to sell the car for any price higher $14500. After receiving offers of $13000, $14000, and $15000, she sold her car to the best offer.