

ECON 0100 | Part B

Demo B2

This MiniExam will take 15 minutes with quick break to follow. MiniExams are designed to both test your knowledge and challenge you to apply familiar concepts in new environments. Treat it as if you're trying to show me that you understand the material. Answer clearly and completely.

Academic Conduct Code

The following academic conduct code is designed to protect the integrity of your work. Print your name/initials beside the five academic honesty agreements. I pledge to my fellow students, the university, and the instructor, that:

- ___ I will complete this MiniExam solely using my own work.
- ___ I will not use any digital resources unless explicitly allowed by the instructor.
- ___ I will not communicate directly or indirectly with others during the MiniExam.

Some Advice

Begin by setting up the graph and qualitative solutions to the three parts. Then only after you've finished describing the parts qualitatively should you proceed to use numbers. I care both about your qualitative and quantitative answers, but I would much rather have all your qualitative work be solid.

Selling out to Big Chocolate

Chocolate bars have long been used in the wizarding world as an antidote to the presence of dementors. And many in the wizarding world enjoy chocolate for both its medicinal and culinary uses. Chocolate is easy to produce, and many small chocolate shops have emerged to make and sell the good. The supply and demand curves for chocolate bars can be represented by the following equations:

$$D : P = 10 - Q_b \tag{1}$$

$$S : P = \frac{1}{2} Q_s \tag{2}$$

Price is in galleons. Quantity is in kilograms.

Q1. Equilibrium

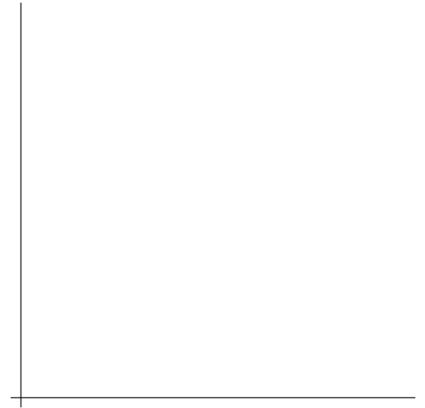
Use a graph to describe the market for chocolate and it's associated welfare.

Q^* : _____

P^* : _____

CS: _____

PS: _____



Q2. Supporting Shops

Despite the vibrant market for chocolate, a price floor of 7 galleons was imposed on this market to ensure sellers would survive for generations. Use a graph to describe the market for chocolate and the welfare effects of the price floor.

Q_b : _____

Q_s : _____

Q_x : _____

P : _____

CS: _____

PS: _____

DWL: _____

