Intermediate Microeconomics  
Fall 2015

Problem Set 2  
Due Lecture 3 in class on paper

1. GLS Chapter 3, Question 1 (in this and all future problem sets, this is the “problems” section, not the “review questions” section.)

2. Addendum to Question 1. Suppose that demand is $Q = 52,000 - 200P$.

(a) What is the equilibrium price and quantity?
(b) What is producer surplus?
(c) What is consumer surplus?
(d) Suppose there is a price ceiling of $120. What is the change in producer and consumer surplus relative to the equilibrium price?
(e) Suppose there is a price ceiling of $80. What is the change in producer and consumer surplus relative to the equilibrium price?

3. Price regulations

Give a specific example of a price ceiling or floor – not one from class or from the textbook. Roughly, what was the impact of this regulation on quantity supplied and quantity demanded?