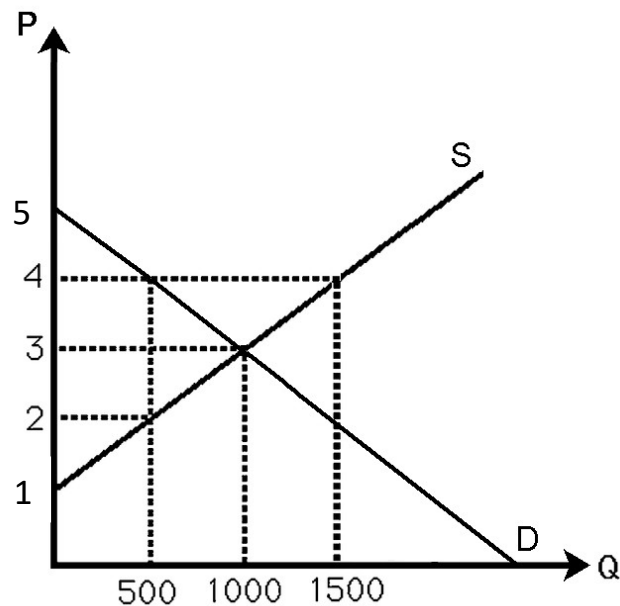


**NTU SSS Economics HE1001**  
**Tutorial 6 (Week 8): Welfare**

1. The below figure shows the demand and supply curves in the market for milk.



If the government imposes a quota at 500 gallons, calculate;

- The effect of quota on consumer surplus,
- The effect of quota on producer surplus
- The deadweight loss.

2. Consider the following monopolist whose cost and demand curves are shown below. Assume that the monopolist produces an output of  $Q_1$ . Identify the areas showing the producer surplus, consumer surplus, and deadweight loss.

