Esm204_ass2

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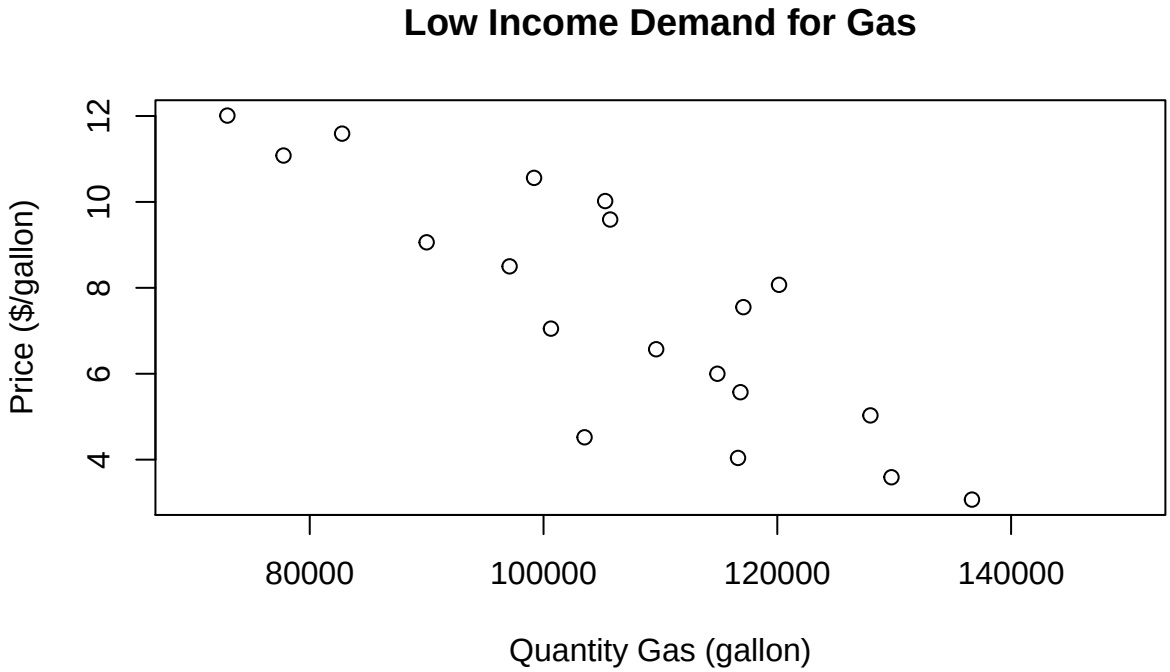
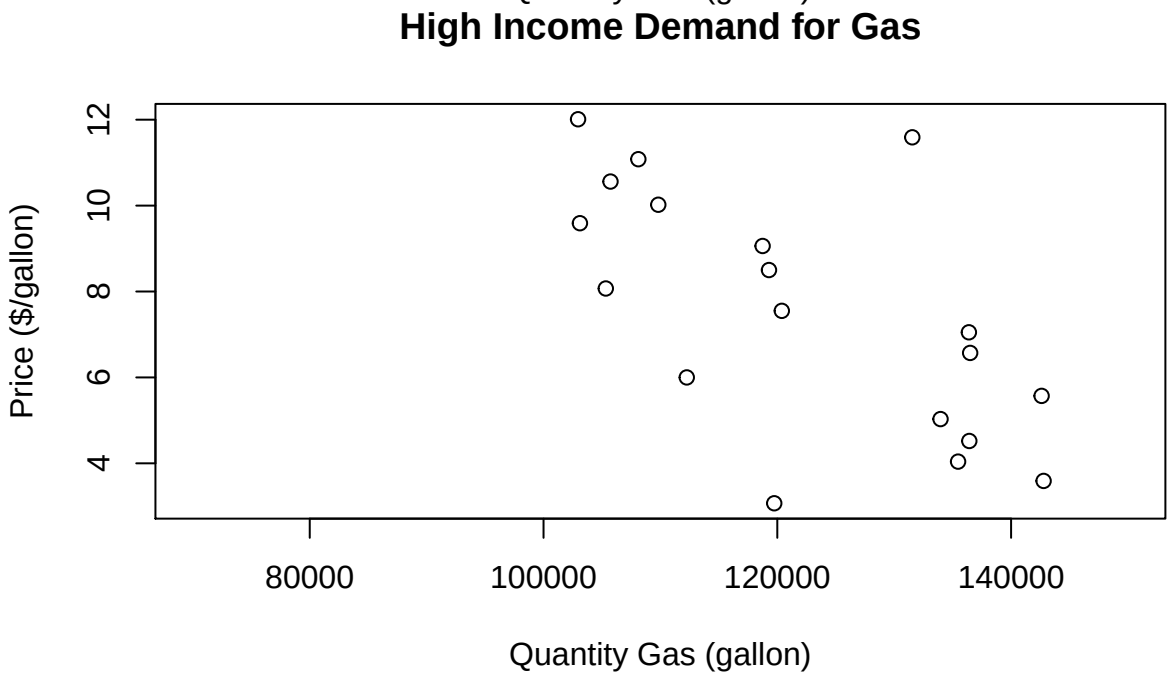
Raw Data





Problem 1

Gasoline daily free market in France: Key: P = price (\$/gallon), Q = quantity (gallon)
Aggregate demand = $P = 22.7066059 - 6.6262994 \times 10^{-5}Q$
Supply = $P = 1.8711376 \times 10^{-5}Q$
Benefit to consumers = Consumer Surplus = 2.3694528×10^{6}
Benefit to producers = Producer Surplus = 6.6804279×10^{5}
Envrionmental cost = 5.3443423×10^{5}

Problem 2

Consumer Surplus High Income = $CS_H = 1.0651366 \times 10^{6}$
Consumer Surplus Low Income = $CS_L = 1.3043162 \times 10^{6}$

Problem 3

Equalibrium Quantity after tax = $Q_\tau = 2.6133299 \times 10^{5}$
Equalibrium Price after tax = $P_\tau = 5.3898999$
Consumer Surplus High Income after tax = $CS_{H_\tau} = 1.0651366 \times 10^{6}$
Consumer Surplus Low Income after tax = $CS_{L_\tau} = 1.3043162 \times 10^{6}$
Producer Surplus after tax = $PS_\tau = 6.3894607 \times 10^{5}$
Environmental cost after tax = 5.2266597×10^{5}
Total revenue generated by tax = 1.3066649×10^{5}