

East West University
Department of Economics
Spring 2024
ECO 101 (Principles of Microeconomics)
Assignment 2

Submission deadline: March 3, 2024 at 09:25 am (at class)

Name	
ID No	

1. Suppose Hablu is the owner of a burger shop in Aftabnagar. The population of Aftabnagar has increased by 20% in last two years. Now what will happen to the equilibrium price and quantity of burgers that Hablu sells if everything else affecting the demand of burgers stay the same? **Explain using a diagram.**
2. Suppose the weather will become extra hot this summer. Now what will happen to the equilibrium price and quantity of hot coffee this summer if everything else affecting the demand of hot coffee stay the same? **Explain using a diagram.**
3. Suppose the government has imposed a new tax on imported sugar. Now what will happen to the equilibrium price and quantity of imported sugar if everything else affecting the supply of imported sugar stay the same? **Explain using a diagram.**
4. In **two separate diagrams**, explain the concept of effective and ineffective price floors using examples.
5. 'Effective price ceiling generates dead-weight loss.' **Explain using a diagram.**
6. **Using a diagram**, explain how consumer surplus could be positive as well as negative at times.