

ECON 0100 | Part C

Demo C2

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 | Name: _____ **Student ID:** _____

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.

Q1 (of 2) | Malodorous Byproducts

Butterbeer is beloved by Hogwarts students and teachers alike and is widely available at wizarding shops. But the beverage has the negative effect of generating displeasing odors from its imbibers. Model the private market for butterbeer using private and social cost and benefit curves. Indicate on your graph the private equilibrium quantity and social equilibrium quantity. Using your economic policy advising credentials, offer a remedy to the malodorous byproduct the Ministry could implement. And conclude with a description of the effects your policy would have on the butterbeer market.

Q2 (of 2) | The Cauldron Conundrum

Because of regulations imposed by the Ministry of Magic, all cauldrons had to be manufactured the same in every dimension. The hope was that this uniformity in production would make it easier to train witches and wizards to use the cauldrons, but an unexpected benefit was that the extensive specification documents served as an instruction manual for anyone wishing to begin a new cauldron manufacturing facility. Anyone could easily start manufacturing cauldrons, though the number of cauldron manufacturers had been constant over the past couple of years. This changed when the Ministry imposed a small subsidy on all cauldron sales, hoping to spur interest in potion-making among the young. Using a couple of graphs to illustrate your answer, explain what happened in the cauldron market because of this subsidy.