

Econ 0100 | Fall 2023 | MiniExam C

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.

Academic Conduct Code

The following academic conduct code is designed to protect the integrity of your work. Print your initials beside the four academic honesty agreements before beginning.

I pledge to my fellow students, the university and the instructor...

... I _____ will complete this MiniExam solely using my own work

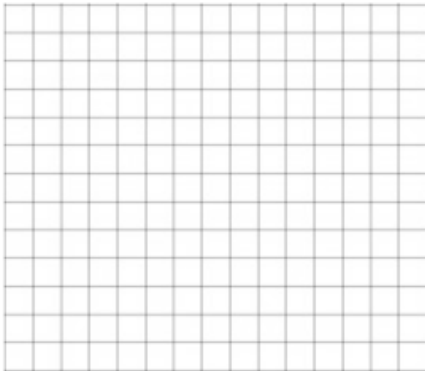
... I _____ will not use any internet connected devices or other online resources

... I _____ may use hardcopy resources (the textbook, printed materials, hardcopy notes)

... I _____ will not communicate with others during the MiniExam

Question 1 and 2 | Graph

Use this to graph your answers to Question 1 and Question 2.



Name: _____ Student ID: _____ **Version 1**

Smoked Toffee

Hogsmeade has seen a recent proliferation of candy shops selling smoked toffees. The Demand (marginal benefit) curve and Supply (marginal cost) curve for smoked toffee can be represented using the following relationships.

$$D : P_d = 100 - Q_d$$

$$S : P_s = 10 + Q_s$$

The proliferation of smoked toffee makers has meant the town saw a subsequent rise in *smoke*. Wood smoke can cause lung issues and carries a cost of 10 Galleon to the health of Hogsmeade residents.

Question 1 (of 3) | Market Equilibrium

Use a graph and algebra to find equilibrium price, quantity, and DWL. Be sure to show your work.

Market Equilibrium Price: _____ Market Equilibrium Quantity: _____

Socially Efficient Quantity: _____ Deadweight Loss: _____

Question 2 (of 3) | Policy Proposal

What type and size of policy would you propose to eliminate the DWL you identified in Question 1?

Policy Type: _____ Policy Size: _____

Buyer Price: _____ Seller Price: _____ Post-Policy Quantity: _____

Question 3 (of 3) | Deadweight Loss Intuition

If the marginal cost of a gallon of gas is \$4.00, the negative externality is \$1.00, and the marginal benefit is \$4.50, what is the deadweight loss?

Deadweight Loss: _____