For the data below answer the following questions.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Cedar City- 1** |  | **St. George- 2** |  |
| **QD1** | **QS1** | **P** | **QD2** | **QS2** |
| 9 | 1 | 1 | 14 | 10 |
| 8 | 2 | 2 | 12 | 12 |
| 7 | 3 | 3 | 10 | 14 |
| 6 | 4 | 4 | 8 | 16 |
| 5 | 5 | 5 | 6 | 18 |
| 4 | 6 | 6 | 4 | 20 |

1. Derive the demand and supply functions for each separate market. Graph accurately (2 graphs). Derive the equilibrium for each market separately. Show the equilibria on your graphs. Show all work.
2. Derive the aggregate demand and supply functions. Graph accurately. Derive the equilibrium for the combined market. Show the equilibrium on the graph. Show all work.
3. Because the restaurant owners are accused of “gouging” the low-income consumer, the State of Utah places a price ceiling of $2 on the combined market. Determine *all* of the economic implications of this government policy. Determine the numerical values for the consumer surplus, producer surplus and deadweight loss? Who gains and who loses after the policy change? Explain. Show all work.