Economics

1. In what type of market is each of the following goods and services sold? Explain your answers. Wheat, Jeans, Printer cartridges, Toothpaste, Taxi rides in a town with one taxi company.
2. Suppose that the restaurant industry is perfectly competitive. Angela’s Diner is always packed in the evening but rarely has a customer at lunchtime. Why doesn’t Angela’s Diner close–temporary shut down-at lunchtime?
3. Big Top is the only circus in the nation. The table sets out the demand schedule for the circus tickets and the cost schedule for producing the circus.

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Price (dollars per Quantity (tickets per Total cost (dollars

Ticket) show) per show)

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20 0 1,000

18 100 1,600

16 200 2,200

14 300 2,800

12 400 3,400

10 500 4,000

8 600 4,600

6 700 5,200

4 800 5,800

1. Calculate Big Top’s profit-maximizing price, output, and economic profit if it charges a single price for all the tickets.
2. When Big Top maximizes profit, what is the consumer surplus and producer surplus and is the circus efficient?
3. Big Top offers children a discount of 50 percent. How will this discount change the consumer surplus and producer surplus? Will Big Top be more efficient by offering the discount to the children?
4. If Big Top is regulated to produce the efficient output, what is the quantity of tickets sold, what is the price of a ticket, and what would be the consumer surplus?
5. Which of the following items are sold by firms in the monopolistic completion? Cable television service, Wheat, Athletic shoes, Soda, Toothbrushes, Ready-mix concrete.