

Section 4.2 Extra Problems

23) Will equilibrium in a market always result in an outcome that is economically efficient? Explain.

Diff: 1 Page Ref: 109/109

Topic: Economic Efficiency

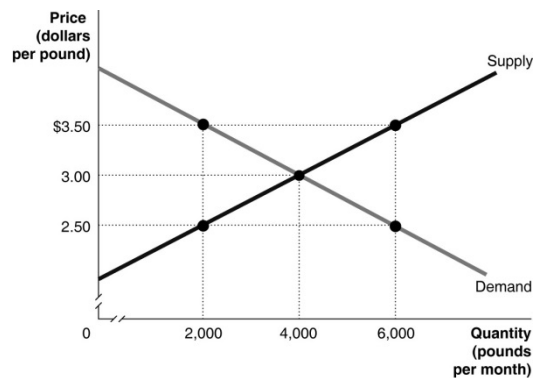
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Learning Outcome: Micro 4: Explain how supply and demand function in competitive markets

AACSB: Analytic Skills

Special Feature: None

24) The graph below represents the market for walnuts. Identify the values of the marginal benefit and the marginal cost at the output levels of 2,000 pounds, 4,000 pounds and 6,000 pounds. At each of these output levels, state whether output is inefficiently high, inefficiently low, or economically efficient.



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Topic: Economic Efficiency

*: Recurring

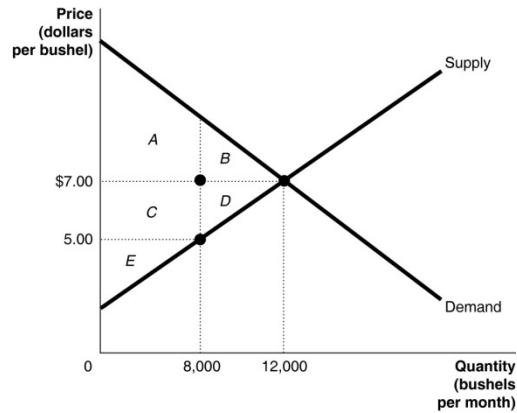
Learning Outcome: Micro 2: Interpret and analyze information presented in different types of graphs

AACSB: Analytic Skills

Special Feature: None

Section 4.2 Extra Problems

25) The graph below represents the market for lychee nuts. The equilibrium price is \$7.00 per bushel, but the market price is \$5.00 per bushel. Identify the areas representing consumer surplus, producer surplus, and deadweight loss at the equilibrium price of \$7.00 and at the market price of \$5.00.



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Topic: Economic Surplus

*: Recurring

Learning Outcome: Micro 2: Interpret and analyze information presented in different types of graphs

AACSB: Analytic Skills

Special Feature: None