ECO 101: Introduction to Microeconomics
Problem Set #2
Lectures 3 & 4
Due Date: 02 October, 5:00pm
Total Points: 40

NOTE: All problem sets must be hand-written (not typed) to receive full credit. Typed answers will receive a zero. Round all answers that are decimals to two decimal places.

Problem 1: Price Controls and Quotas [9 points]

Suppose that a market is market has the following Supply and Demand:

$$S: Q = 2p$$

$$D: Q = 100 - 2p$$

1. What is the free-market equilibrium price and quantity? What is the Consumer Surplus (CS), Producer Surplus (PS), and Total Surplus (TS) in this equilibrium? [3 points]