

110. Still thinking about the product from Exercise 109, with its demand and supply functions, suppose the price is set artificially at \$70 (which is above the equilibrium price).

(a) Find the quantity supplied and the quantity demanded at this price.

(b) Compute the consumer surplus at this price, using the quantity demanded.

(c) Compute the producer surplus at this price, using the quantity demanded (why?).

(d) Find the total gains from trade at this price.

114. Find the present value of a continuous income stream $F(t) = 20 + t$, where t is in years and F is in tens of thousands of dollars per year, for 10 years, if money can earn 2% annual interest, compounded continuously.