

Homework Practice Assignment 1

Graded Assignment | [Back to Assignment](#)

Due Saturday 10.21.17 at 11:45 PM

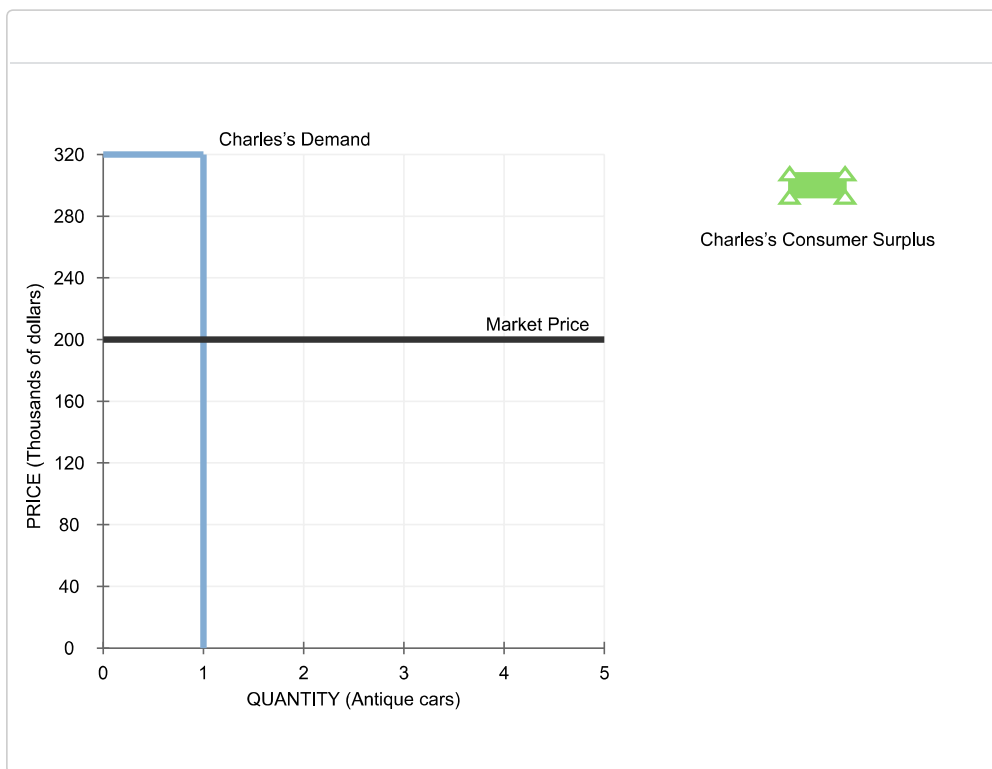
Attempts: Score: / 3

14. Individual demand and consumer surplus

Consider the market for antique cars. The market price of each antique car is \$200,000, and each buyer demands no more than one antique car.

Suppose that Charles is the only consumer in the antique car market. His willingness to pay for an antique car is \$320,000. Based on Charles's willingness to pay, the following graph shows his demand curve for antique cars.

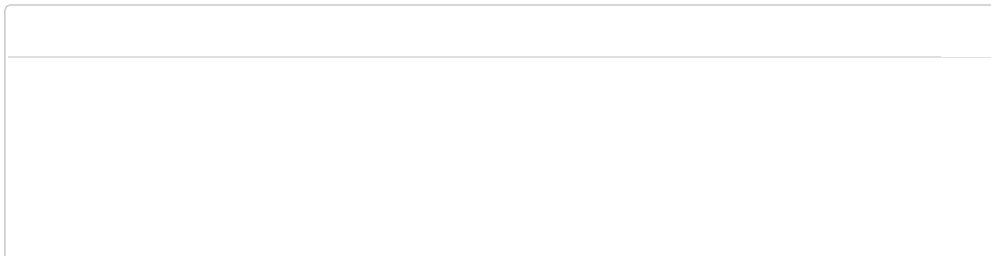
Shade the area representing Charles's consumer surplus using the green rectangle (triangle symbols).

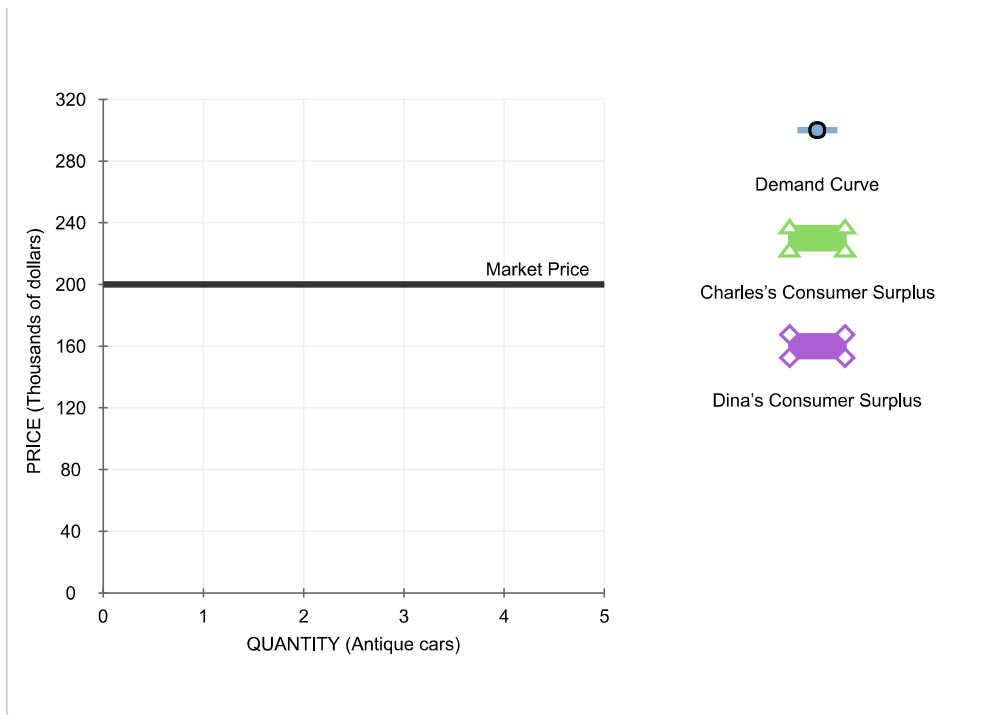


Now, suppose another buyer, Dina, enters the market for antique cars, and her willingness to pay is \$240,000.

Based on Dina's and Charles's respective willingness to pay, plot the market demand curve on the following graph using the blue points (circle symbol). Next, shade Charles's consumer surplus using the green rectangle (triangle symbols), and shade Dina's consumer surplus using the purple rectangle (diamond symbols).

Note: Plot your points as a step function in the order in which you would like them connected. Line segments will connect the points automatically.





Suppose Gilberto is willing to pay a total of \$160,000 for an antique car.

True or False: Keeping his maximum willingness to pay for an antique car in mind, Gilberto will not buy the antique car because it would be worth less to him than its market price of \$200,000.

- True
- False

Save & Continue

[Continue without saving](#)

[Copyright Notices](#) · [Terms of Use](#) · [Privacy Notice](#) · [Security Notice](#) · [Accessibility](#)

Session
Timeout 59:41