what is the equilibrium if the government impose a supply quota of 75 units given an inverse demand as $P=200-2 Q$ and inverse supply as $P=2 Q$

## Solution

As in equilibrium $Q d=Q s$, so $Q d=100-P / 2, Q s=P / 2$.
$100-\mathrm{P} / 2=\mathrm{P} / 2$
$\mathrm{P}=\$ 100$
$Q=100 / 2=50$ units
If the government impose a supply quota of 75 units, the equilibrium will not change, as the equilibrium quantity is lower than the quota.

