

**Answer on Question #38371 – Economics – Microeconomics**

a)  $Q_S = 35,000 + 2,000P$ ,

$q_A = 17,000 - 250P$ ,

$q_O = 25,000 - 2000P$ .

The total market demand curve for rubber erasers is  $Q_d = q_A + q_O = 42,000 - 2,250P$  The equilibrium is in the point, where  $Q_d = Q_s$

$$35,000 + 2,000P = 42,000 - 2,250P$$

$$4,250P = 7,000$$

$$P = \$1.65$$

$$Q = 35,000 + 2,000 \cdot 1.65 = 38,300 \text{ units}$$

b)

i. Blue jeans. The wearing of blue jeans becomes less fashionable among consumers.

So, the demand falls, the equilibrium price and quantity also fall, and the supply will fall in the nearest future.

ii. Computers. Parts for making computers fall in price because of improvements in technology.

The equilibrium price for computers will fall, the quantity rise, both demand and supply will shift to the right.

iii. Lettuce. El Nino produces heavy rains that destroy a significant portion of the lettuce crop.

The supply will fall, equilibrium price will rise, the quantity will fall, so the demand will also fall.