

Problem Set 5

Due Lecture 6 in class on paper

1. GLS Chapter 5, Question 10
2. GLS Chapter 5, Question 12
3. Market Demand.

Imagine a world where hippos and elephants buy grass. Each elephant demands grass following $Q_e = 5 - P$. Each hippo demands grass following $Q_h = 15 - 2P$. There are 150 elephants and 50 hippos.

(a) What is the total demand by elephants? By hippos? Write the equation and draw separate charts for elephants and hippos.

(b) What is the total market demand for all hippos and elephants? Write an equation and draw a chart.