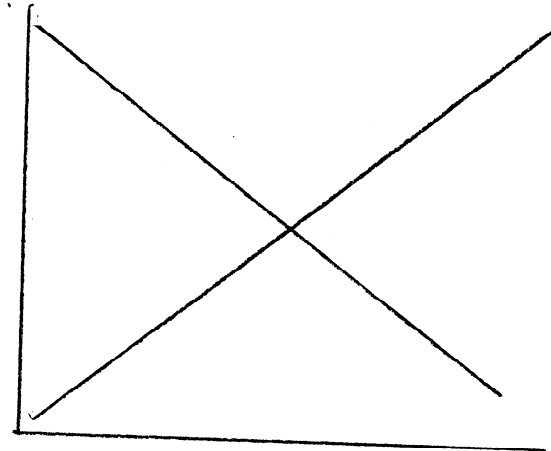


Your name (first name, then last name): _____

Your TA's name AND SECTION #: _____

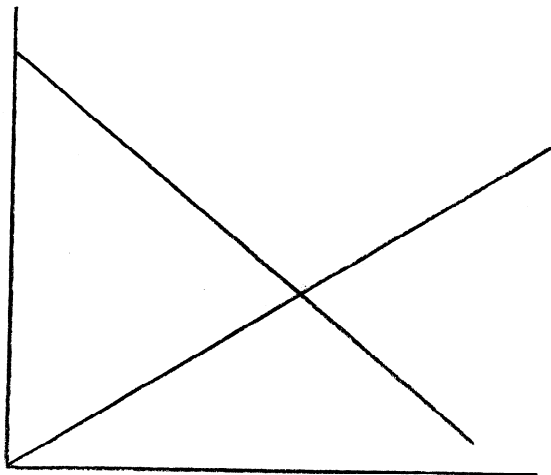
SUNY-Binghamton Economics 160, Principles of Microeconomics, Christopher Hanes
 Problem set 5 Welfare economics, price controls, excise taxes

1) On a graph to the right, draw the effects of a binding price floor. Mark the original price and quantity, without the price floor, as P_1 and Q_1 . Mark the price and quantity after the imposition of the binding price floor as P_2 and Q_2 . Label areas with letters as in class, and fill out the table below.



	Without price floor	With price floor	Change
CS	_____	_____	_____
PS	_____	_____	_____
TS	_____	_____	_____

2) On a graph to the right, draw the effects of an excise tax paid by buyers. Mark the original price and quantity without the tax as P_1 and Q_1 . Mark the price and quantity after the tax as P_2 and Q_2 . Label areas with letters as in class, and fill out the table below.



	Without tax	With tax	Change
CS	_____	_____	_____
PS	_____	_____	_____
Tax rev.	_____	_____	_____
TS	_____	_____	_____