

MBA 5042 - Supply and Demand Problem Set

- 1) Suppose a tax is placed on sugary beverages to reduce their consumption. The “statutory incidence” of this tax is on suppliers meaning that they must collect and remit the tax for each beverage sold.
 - a. Show how this would affect equilibrium price and quantity in this market using a graph of supply and demand.
 - b. How much of this tax do you expect to be passed-through to consumer prices? What does it depend on?

- 2) Ivermectin, a deworming medication for livestock, has seen a sudden and dramatic increase in demand in Oklahoma (<https://www.insider.com/oklahomas-emergency-rooms-are-clogged-with-people-overdosing-on-ivermectin-2021-9>)
 - a. Show how this would affect equilibrium price and quantity in this market using a graph of supply and demand.
 - b. For those that actually own livestock, how might we expect this to change their purchasing behavior of alternative livestock dewormers?

- 3) Many companies have transitioned completely to tele-work or are offering more flexible weekly schedules with partial work-from-home options.
 - a. How do you expect this to impact equilibrium wages and the number of workers that are hired? Show using supply and demand
 - b. “Opinion” question: How might these changes affect the composition of the workforce? Do you expect this to change the gender or racial balance in a company?