Suppose that

Supply: \( Q = 5 + 2P \)

Demand: \( Q = 9 - 2P \)

Calculate the equilibrium price and quantity. (10%) 

Calculate the price elasticity of demand for the following goods. (10%) 

1. The price of movie theater ticket goes up by 10%, causing the quantity demanded to go down by 4%.
2. Computer price falls by 25%, causing the quantity demanded to increase by 15%.

Fill out the table below, and then answer the following questions. (20%) 

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<th>TC</th>
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1. Suppose the firm is a price taker. If the price is $15 per unit, will this firm be earning economic profit? How much? What quantity will it produce?
2. What is the maximum profit? What is the shutdown price?

State the necessary conditions for price discrimination. (10%) 

Define the following terms. (20%) 

1. Comparative advantage 
2. Constant returns to scale 
3. Consumer surplus 
4. Indifference curve 
5. GNP gap 

Tom can wax 3 cars per day or wash 6 cars. Ted can wax 4 cars per day or wash 12 cars. What is each man's opportunity cost of washing a car? Who has a comparative advantage in washing cars? (15%) 

Construct a value added table for various stages in the production and sale of bread. (15%)