100 points. Please write answers in ink. Use pencil for drawing graphs. Allocate your time efficiently. Good Luck.

1. On the day of home football games, Fairman University raises the price of parking on some of its lots from $1.50 per vehicle to $10.00 per vehicle. This is done—according to the Committee on Transportation—so that regular parking users do not subsidize the cost of providing parking for football fans. Would regular users be subsidizing football parkers if the rate stayed at $1.50 on football Saturdays?

2. What is the difference between the public-interest theory of regulation and the special-interest theory of regulation? Which theory better explains the regulation of airlines by the Civil Aeronautics Board from 1938 to 1978? Explain.

3. Illustrate an explain the price searcher’s optimum price and quantity to produce. Show the buyers’ gains, the sellers’ gains, total expenditure by consumers, and the deadweight loss. Explain why the price searchers’ optimum choice of price and quantity results in a deadweight loss.

4. The figures below illustrate the demand, marginal revenue, and marginal cost curves for a price searcher.
   a. Indicate the firm’s maximizing price and quantity of output.
   b. In the first figure, indicate the firm’s producer surplus, the buyers’ consumer surplus, and the deadweight loss.
   c. Explain how this price searcher might be able to increase its producer surplus, increase consumers’ surplus, and reduce the deadweight loss—all at the same time. Illustrate this in the second figure.