

14. Correct. The answer is false. $Q_d = 87.5 - 2P_c$ and $Q_s = -14.6 + 2P_c$. Equilibrium is $P_c = 25.525$. Pick a price below equilibrium say 20. At 20, $Q_d = 87.5 - 2 \cdot 20 = 47.5$ and $Q_s = -14.6 + 2 \cdot 20 = 25.4$. There is excess quantity demanded which would drive price towards the higher equilibrium price. At lower prices quantity demand would be even higher and quantity supply would be even higher. Thus, the market is stable not unstable.