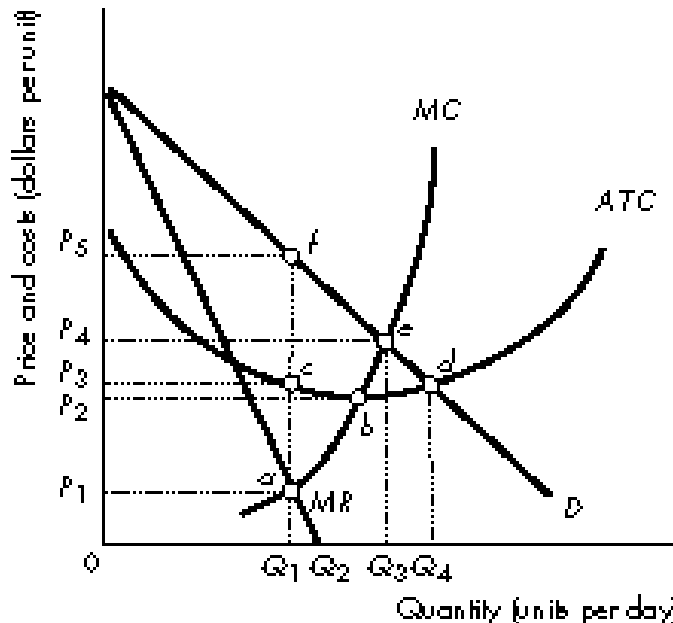


CB2400 Micro-Economics

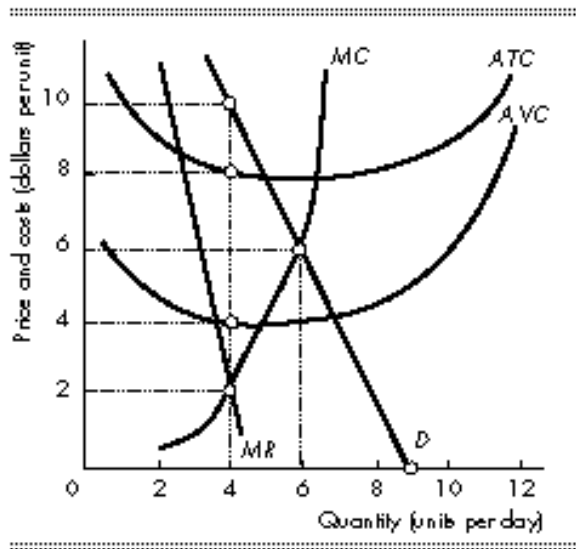
Tick & Learn

Monopoly



- 1) In the above figure, what price and quantity will the single-price monopolist produce?
 - A. $P_1; Q_1$
 - B. $P_2; Q_2$
 - C. $P_4; Q_3$
 - D. $P_5; Q_1$
- 2) Using the above figure, which of the following statements is true?
 - A. At Q_1 , the marginal revenue of the last unit produced is greater than the marginal cost, therefore to maximize its profit the firm should produce more.
 - B. At Q_1 , the marginal revenue of the last unit produced is equal to the marginal cost, therefore to maximize its profit the firm should produce no more nor less.
 - C. At Q_3 , the marginal cost of the last unit produced is equal to the price, therefore to maximize its profit the firm should produce no more nor less.
 - D. At Q_4 , the marginal revenue of the last unit produced is less than the marginal cost, therefore the firm should produce more.

- 3) Which of the following is a characteristic of monopoly in the long run?
- A. Economic profits are driven to zero so that the firm earns only a normal profit.
 - B. Economic profits can exist.
 - C. Price equals marginal cost.
 - D. Price equals marginal revenue.



- 4) In the figure above, compared to a perfectly competitive industry with the same costs, a single-price, unregulated monopoly will decrease production by
- A. zero.
 - B. 2 units per day.
 - C. 4 units per day.
 - D. 6 units per day.