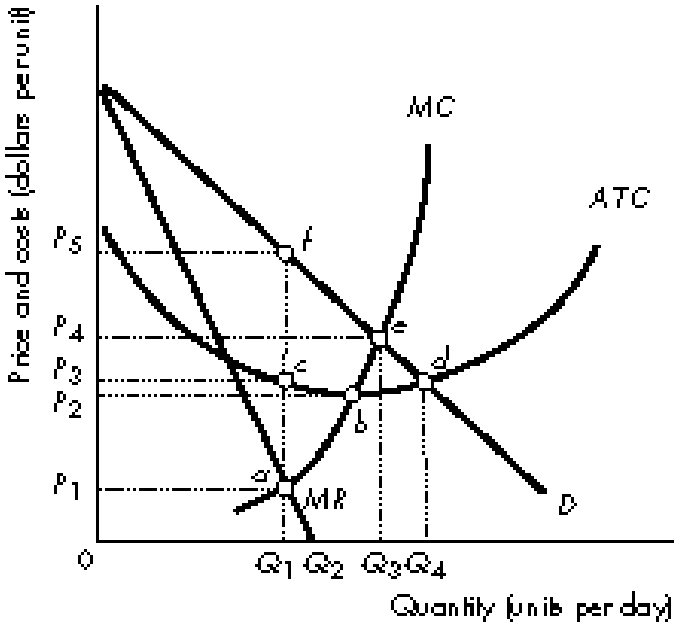
CB2400 Micro-Economics

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.

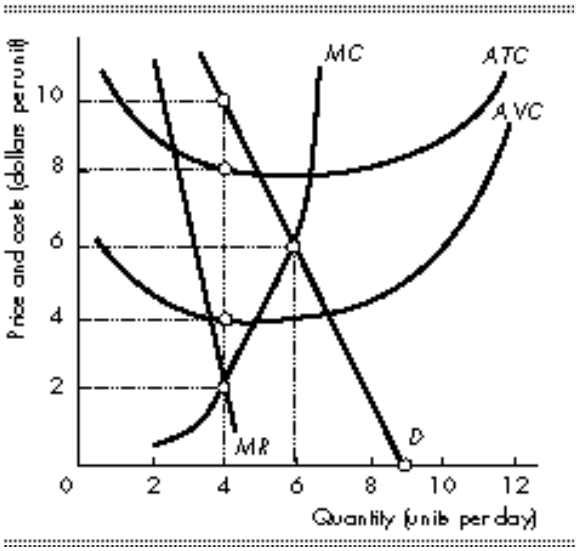
3) Which of the following is a characteristic of monopoly in the long run?

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.