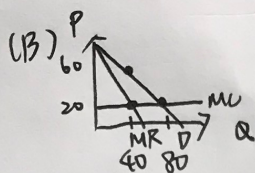


4. (A) $MR = MC \rightarrow 100 - 2q = 20 \rightarrow q^* = 40 ; p^* = 60 ;$
 $\pi = 60 \times 40 - 30 - 800 = 1570$



$MC = 20 = P \Rightarrow q = 80$

$DWL = \frac{(80 - 40)(60 - 20)}{2} = 800$

(C) $|ed| = \frac{dQ/Q}{dP/P} = \frac{60}{40} = 1.5 ; L.I. = \frac{1}{|ed|} = 0.667$

(D) $MR = MC + 10 \rightarrow 100 - 2q = 30 \rightarrow q^* = 35 ; p^* = 65 ;$
 $\pi = 2275 - 1080 = 1195$

(E) $(1 - 10\%) MR = MC \rightarrow 0.9(100 - 2q) = 20 \rightarrow q^* = 38.889$
 $p^* = 61.11 ; \pi = 2376.55 - 807.78 = 1568.77$

(F) $100 - 2q = 20 \rightarrow q^* = 40 ; p^* = 60 ; \pi = 2400 - (1000 + 30 + 800) = 570$

(G) $q^* = 40 ; p^* = 60 \rightarrow \pi = 0.8(1570) = 1256$

(H) $P = MC$



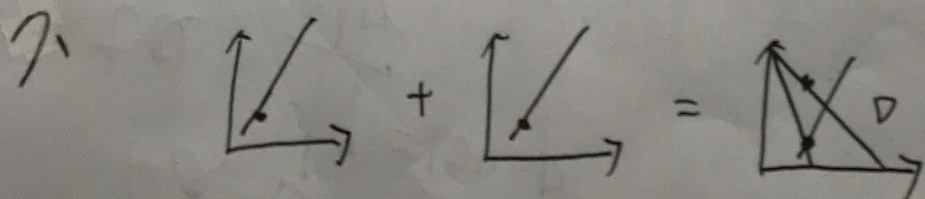
$100 - q = 20 \rightarrow q^* = 80 ; p^* = 20$

$(80 \times 20) - (30 + 20 \times 80) = -30$
 $DWL = 0$

5. $p = 4MC$

$\frac{p - MC}{p} = \frac{1}{|ed|} \rightarrow \frac{p - \frac{1}{4}p}{p} = \frac{1}{|ed|} = \frac{3}{4}$

$\rightarrow |ed| = \frac{4}{3}$



$MC_A = 4q_A = MC_B = 8q_B = MR = 280 - 2q$

$q_A = 2q_B ; 280 - 2(q_A + q_B) = 280 - 2(3q_B) = 8q_B$

$p = 220$

$\Rightarrow 20 = q_B ; q_A = 40$