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1\. a) A decrease in early demand. The price decline in first three month, it has cause a short-run equilibrium to decrease in demand.

b) Constant cost industry. The price in 1990 and 1995 are the same, is $2

c) when price = $1, firms are losing money, they exit the industry. however, as the demand It cause price to rise, and firms stop exiting is decrease, producer will be lower.

2. a) $LRATC(Q) = \frac{LRTC(Q)}{Q} = \gamma$

Long-run equilibrium Q

$p = \min(LR\ ATC) = \gamma$

$D(p) = \alpha - \beta\gamma$

b) cannot

$LRMC(Q) = \frac{d\,LRTC(Q)}{dQ} = \gamma$

$\therefore$ LR MC and LR ATC is horizontal, it can produce any quantity, so can't determine the number of firms.