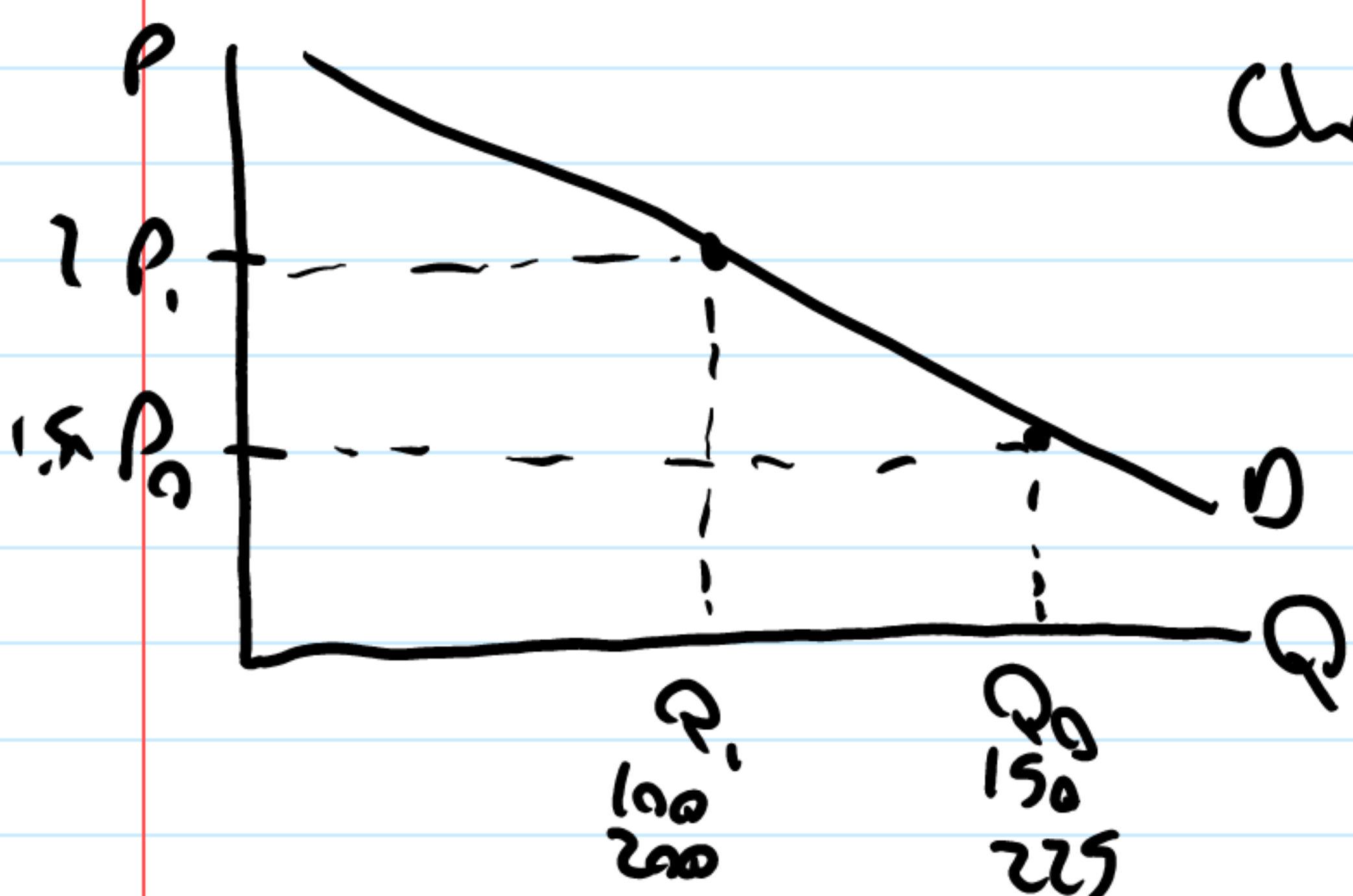


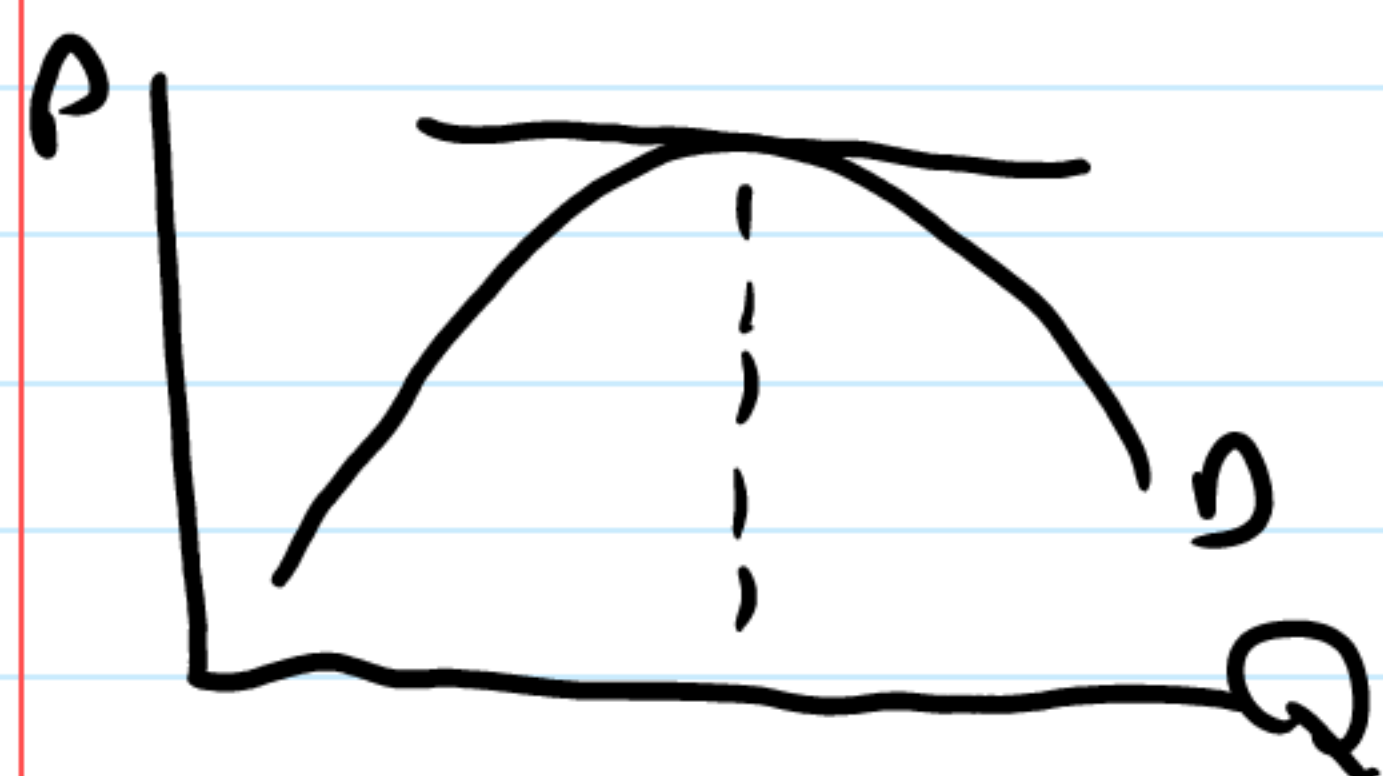
5.6 Monopoly Review - Demand and Revenue

Saturday, September 12, 2020 6:26 PM



Choose to sell at Price or by Quantity
but not both

$$\pi = P(Q) \cdot Q - C(Q)$$



$$R = P(Q) \cdot Q \rightarrow \frac{dR}{dQ} = \frac{dP}{dQ} \cdot Q + P(Q) \cdot 1$$

$$MR = P + \frac{dP}{dQ} \cdot Q = P \left(1 + \frac{dP}{dQ} \cdot \frac{Q}{P} \right)$$

Inverse of ϵ

$$MR = P \left(1 + \frac{1}{\epsilon} \right)$$