

5.8 Monopoly Review - Numeric Example

Saturday, September 12, 2020 7:29 PM

$$P = 4 - .05Q \quad C = 10 + .5Q$$
$$C(Q) = F + CQ$$

$$MR = 4 - .1Q$$
$$.5 = 4 - .1Q$$
$$3.5 = .1Q$$
$$Q = 35$$

$$P = 4 - .05 \cdot 35$$
$$P = 2.25$$

$$\pi = 1.75 \cdot 35 = 51.25$$

