

lower the price (increasing TR) they have to decrease the price of all units (decreasing TR) so the $MR < P$ for every unit of output.

Note you could probably say “True” as long as you made it clear that you understood that elasticity > 1 is not a necessary condition for the MR curve being below Demand.

PART III: Answer the following two questions in the space provided. Marks are distributed as given in the question. Marks will only be given when all work is