
Assignment 3

1. Why the monopolists are able to set price above their MC?
2. Explain the social cost of monopoly. (Deadweight loss)
3. Show the profit maximizing condition of monopoly with graph.
4. Describe the shutdown and breakeven point of Perfect Competition
5. Show the economic profit and economic loss region of perfect competition
6. “A perfectly competitive firm should continue its production even if $P < ATC$ ” – Explain with graph
7. Consider total cost and total revenue given in the following table:

Quantity	0	1	2	3	4	5	6	7
Total cost	\$8	9	10	11	13	19	27	37
Total revenue	\$0	8	16	24	32	40	48	56

- a. Calculate profit for each quantity. How much should the firm produce to maximize profit?
 - b. Calculate marginal revenue and marginal cost for each quantity. At what quantity do these curves cross?
 - c. Can you tell whether this firm is in a competitive industry?
8. A firm in a competitive market receives \$500 in total revenue and has marginal revenue of \$10. What is the average revenue, and how many units were sold?
 9. Write some similarities between monopoly and monopolistic competition
 10. Distinguish between monopolistic competition and Perfect competition.
 11. What is the equilibrium condition of a perfectly competitive labor market? Explain.
 12. Why is the VMPL of monopolist greater than perfectly competitive firm?
 13. Why in a perfectly competitive labor market the supply curve or the MFC curve is horizontal?