

D

$$MR = Price$$



q_1



q_2



q_3

P

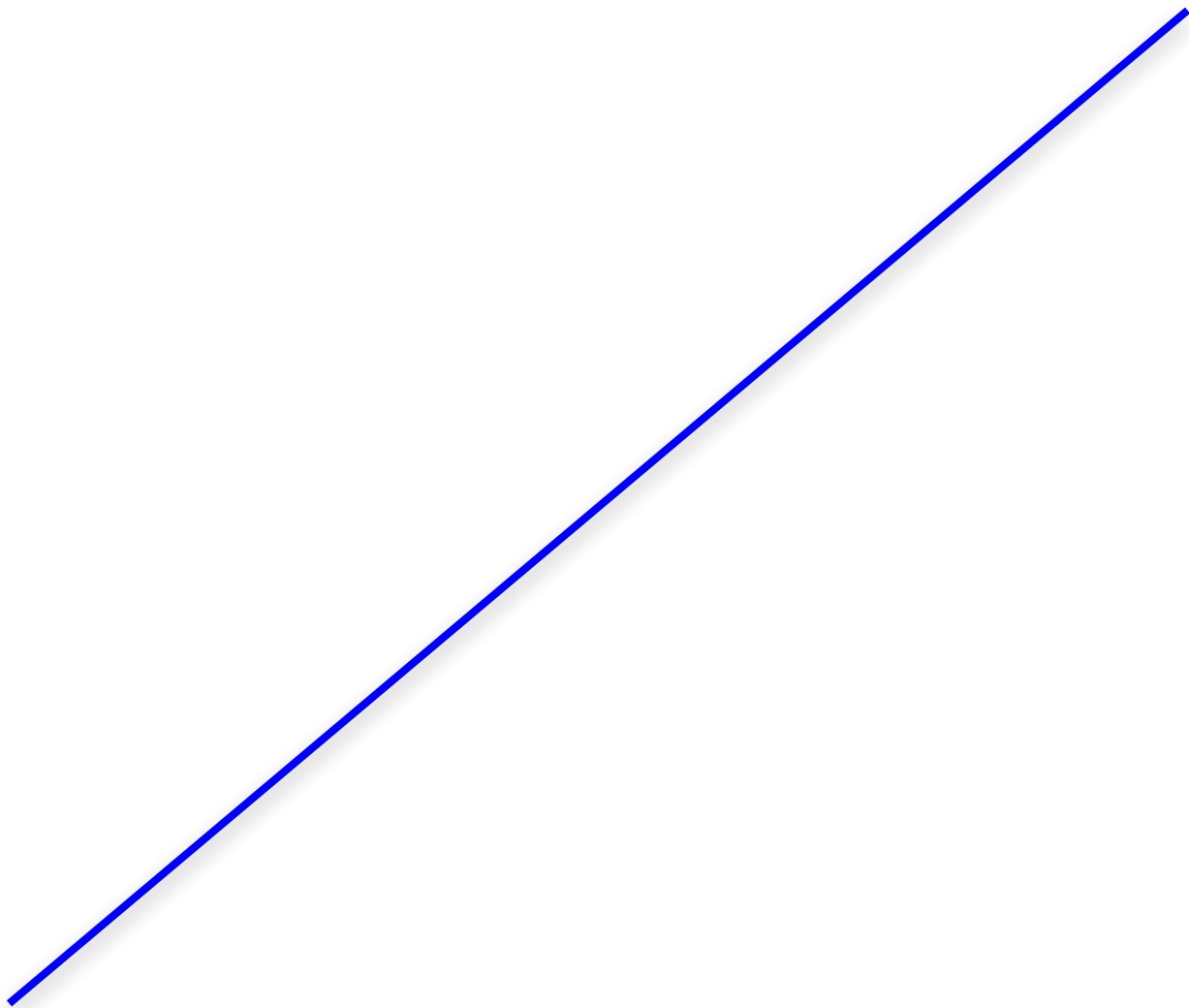
Monopoly



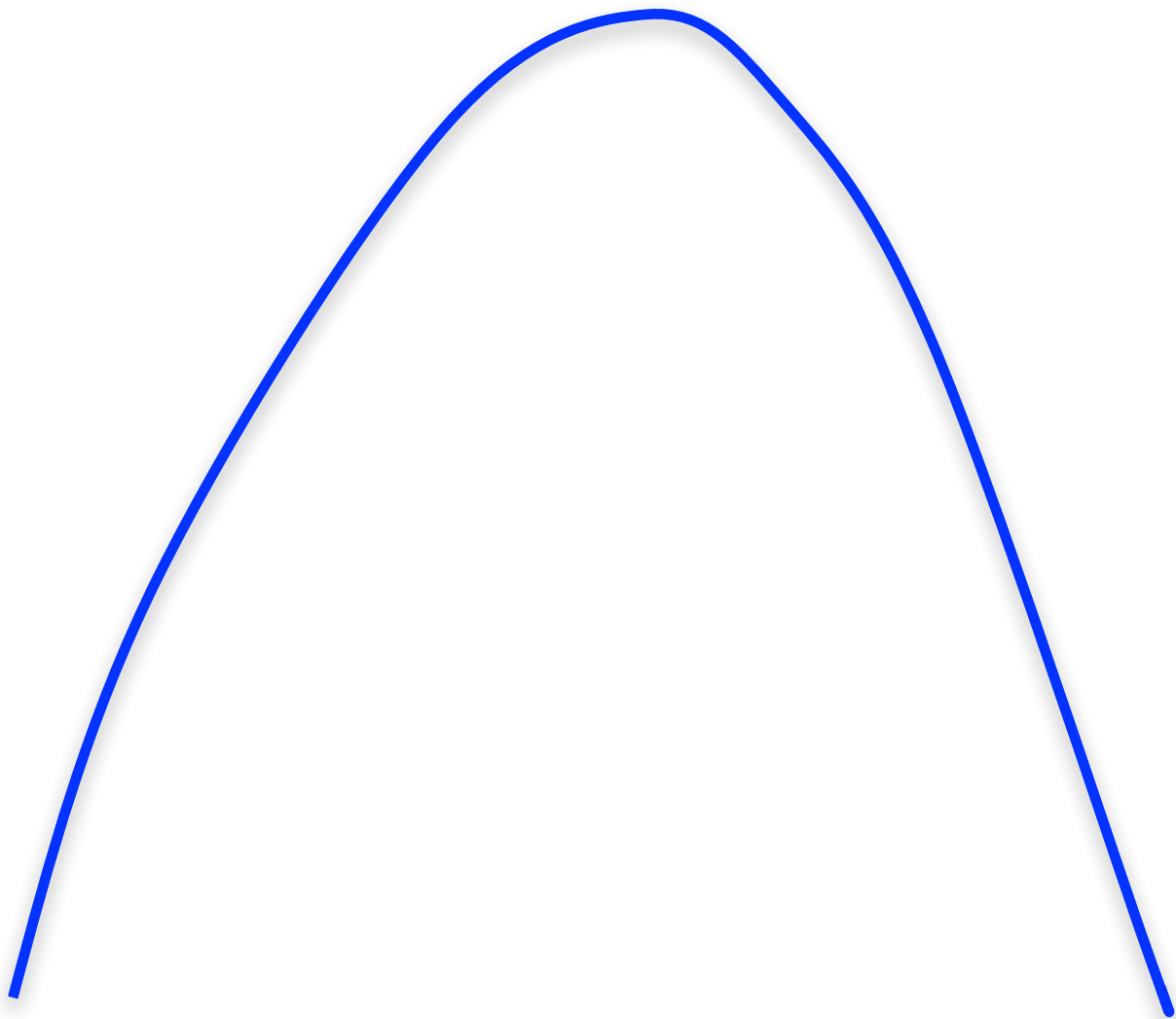


TR






TR




TR



TR increase

A red speech bubble with a white drop shadow, containing white text. The bubble has a circular body and a pointed tail on the right side.

Monopolist
must drop price
to sell more
units



For Perfectly
Competitive firms
Marginal Revenue
equals Price

A red speech bubble with a white drop shadow, pointing to the right. Inside the bubble, the text "Monopolist faces Market Demand" is written in white, bold, sans-serif font.

Monopolist
faces Market
Demand



q_1



q_2



q_3

Marginal Revenue
drops as Q increase



MR

Marginal Revenue
becomes negative



MR

*MR*₁ ← - - - - -

P_1



Price is always greater than **MR**

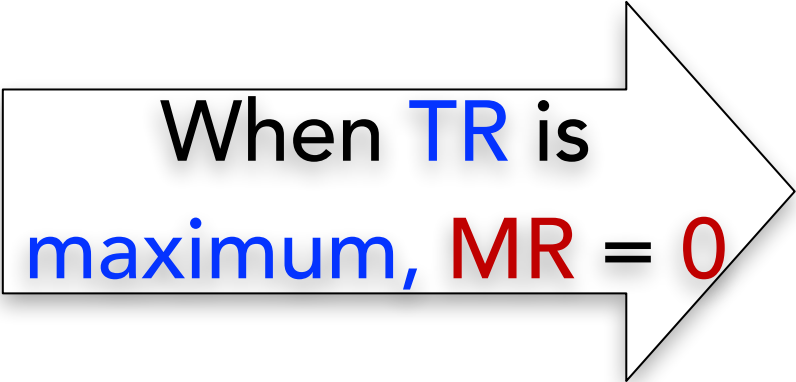
*MR*₂ ← - - - - -

$P_2 \leftarrow \text{-----}$







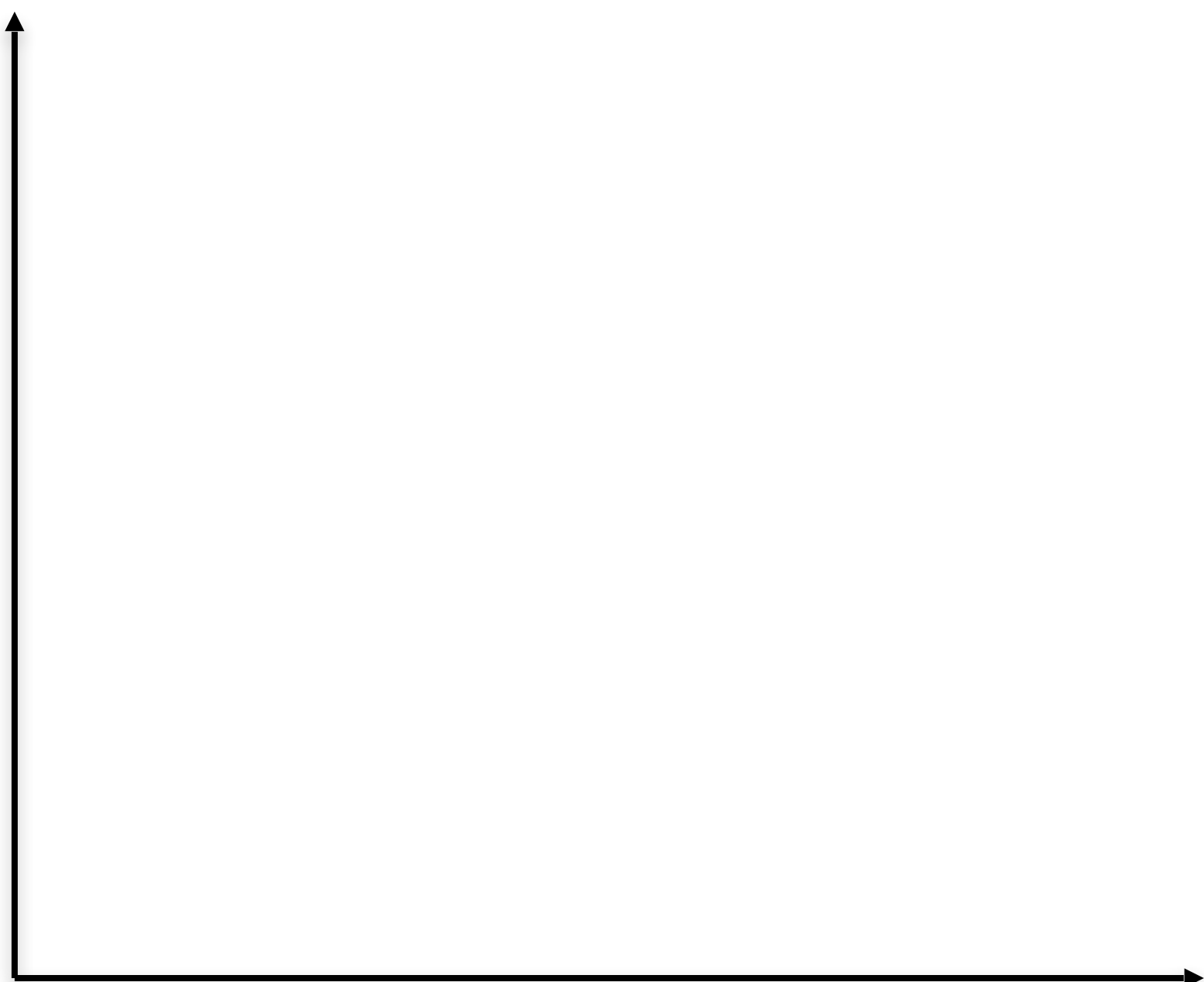


When **TR** is
maximum, MR = 0



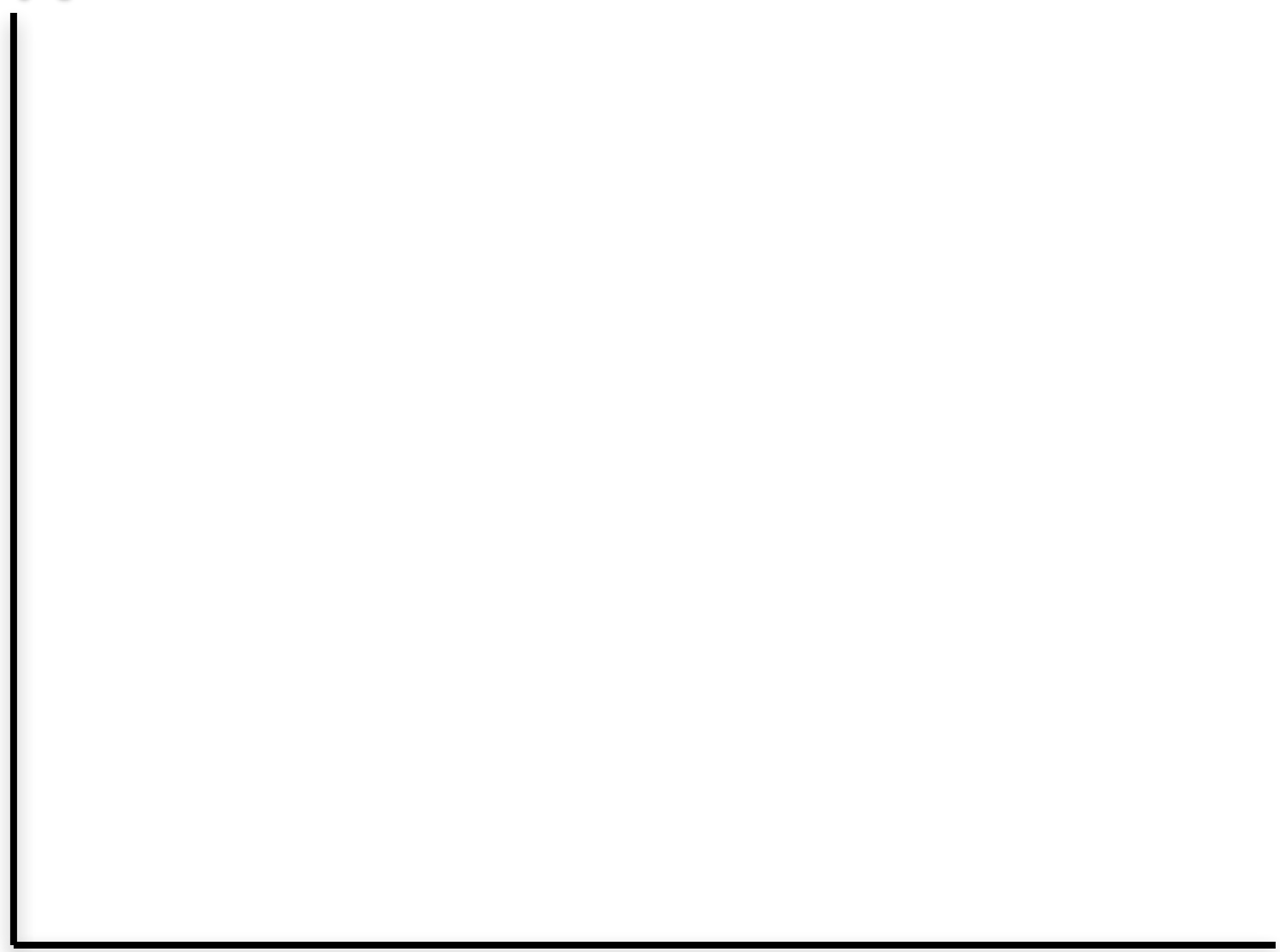
Perfect Competition

P




Q

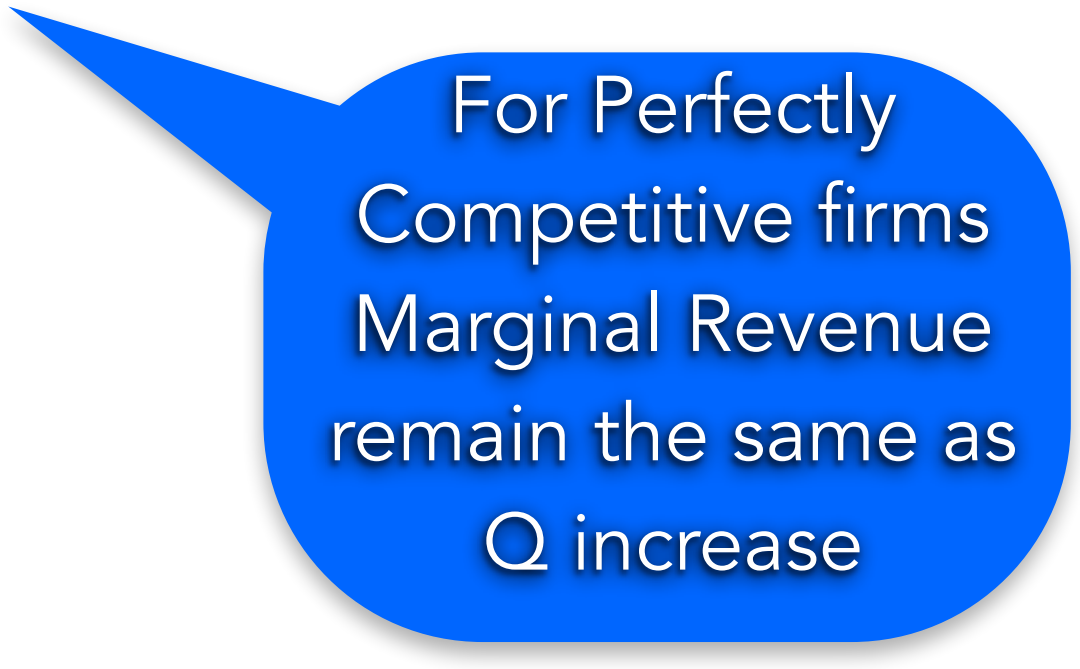
TR



Q

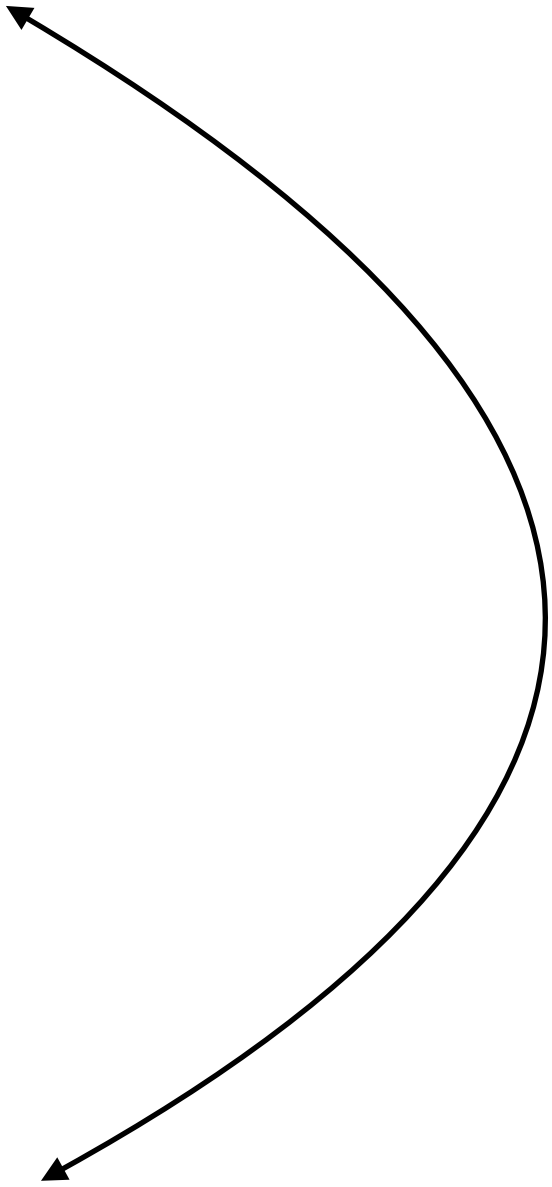


A Perfectly
Competitive firm
does not have to
drop price to sell
more units



For Perfectly
Competitive firms
Marginal Revenue
remain the same as
 Q increase

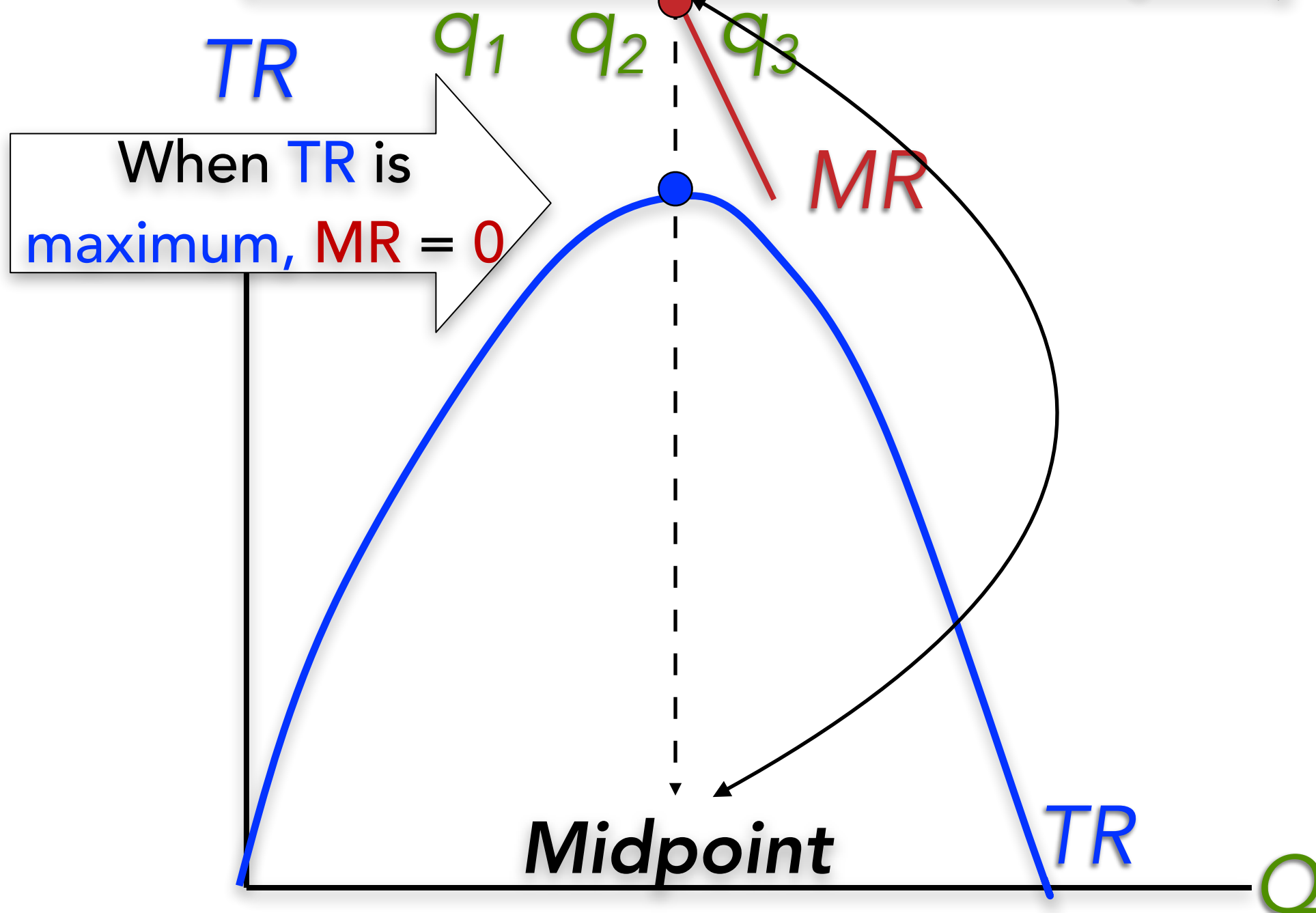
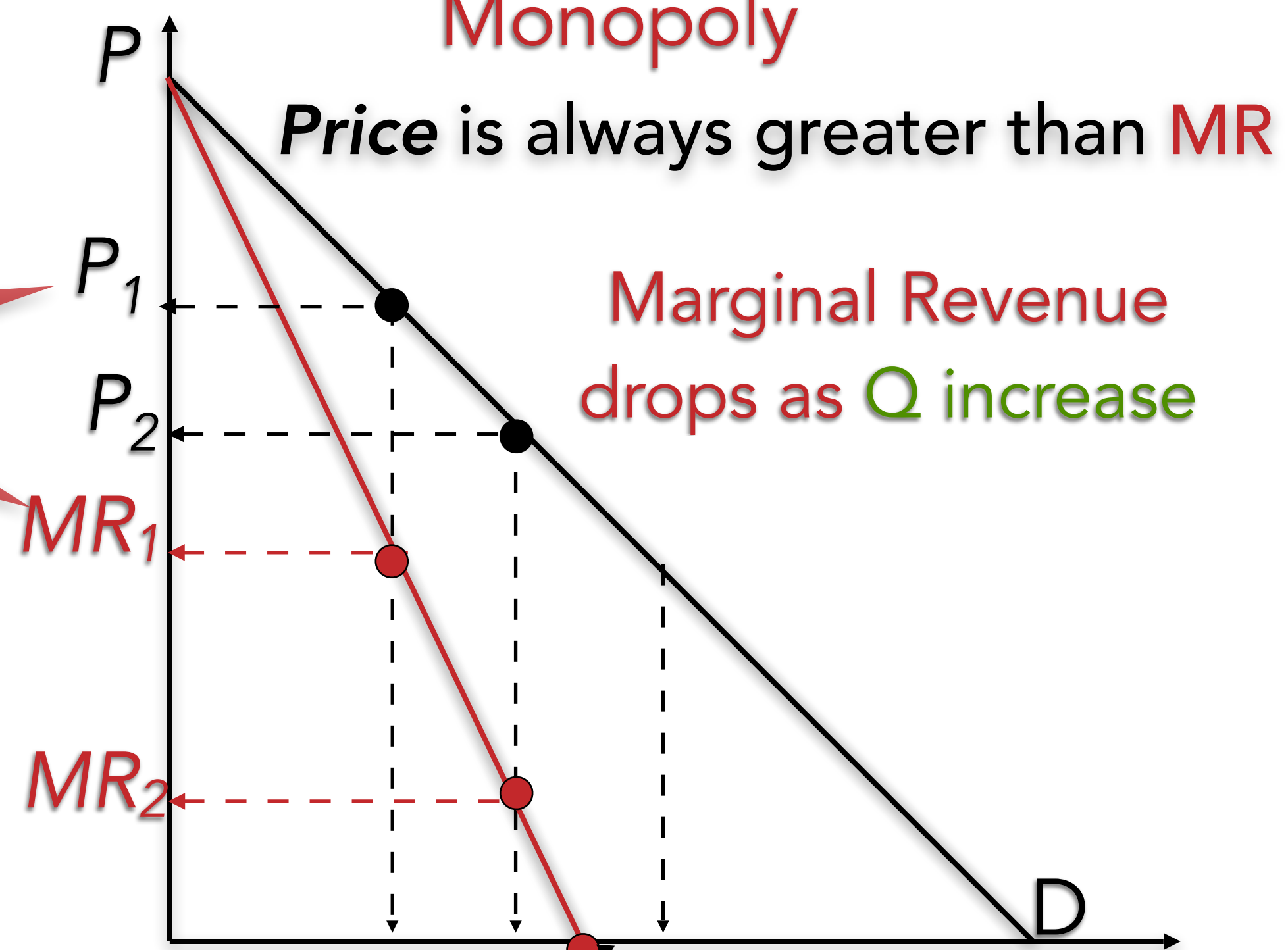
Midpoint



A red speech bubble with a white drop shadow, containing white text. The bubble has a rounded rectangular body and two pointed tails extending to the right.

This “markup
above cost” is
due to market
power

Monopoly



Perfect Competition

