

Econ 101 | Demo E3

Question 1 (of 1) | Wizard's Chess

Wizard's Chess is a somewhat common game played by witches and wizards, similar to chess but with self-moving pieces. Due to its proprietary production process the game can only be obtained at Weasley's Wizard Wheezes through a secretive supplier, X. The demand for Wizard's Chess is given by:

$$P = 10 - 2Q$$

The marginal cost of producing each game is a constant 1 galleon, and there are no fixed costs. The marginal revenue per game is:

$$MR = 10 - 4Q$$



Part A. Quantity

What is the profit maximizing number of games X should sell? Label on the graph above.

Part B. Price

What price should X charge per game? Label on the graph above.

Part C. Profit

What is X's profit from selling the games? Label on the graph above.

Part D. Lumpsum Tax

As TikTok began to capture the attention of the magical world's youth, the Ministry of Magic implemented a 1 galleon subsidy on Wizard's Chess in an attempt to encourage more cognitively challenging pastimes. Use a graph to show the affect this subsidy had on the market.

