1. The manager of a local monopoly estimates that the elasticity of demand for its product is constant and equal to -2. The firm’s marginal cost is constant at $15 per unit.

a. Express the firm’s marginal revenue as a function of its price.

**Instruction:** Round your response to 2 decimal places.

MR = x P

b. Determine the profit-maximizing price.

**Instruction:** Use the rounded value calculated above and round your response to 2 decimal places.