Question 2

A hypothetical monopoly firm is characterized by the following diagram.



1. Assuming that the above firm is a profit maximizer operating in the short run, determine its **optimal price**?
2. Determine the firm’s **profit** per unit.
3. What is the ATC in dollars?
4. If the above monopolist **were** **to behave like a** **perfectly competitive** firm (operating in the long run), **determine its price**

**(Please explain the reason behind your answer for each question above.)**