|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **DEMAND, MARGINAL REVENUE AND MARGINAL COSTS** | | | | | | |
| **(NON-PRICE TAKING BUSINESS)** | | | | | | |
|  |  |  |  |  |  |  |
| **QUANTITY (1000s)** | **PRICE** | **TOTAL REV (1000s)** | **MARGINAL REV (1000s)** | **TOTAL COST (1000s)** | **MARGINAL COST (1000S)** | **PROFIT (1000s)** |
| 0.0 | $200 |  |  | $145 |  |  |
|  |  |  |  |  |  |  |
| 1.0 | $180 |  |  | $175 |  |  |
|  |  |  |  |  |  |  |
| 2.0 | $160 |  |  | $200 |  |  |
|  |  |  |  |  |  |  |
| 3.0 | $140 |  |  | $220 |  |  |
|  |  |  |  |  |  |  |
| 4.0 | $120 |  |  | $250 |  |  |
|  |  |  |  |  |  |  |
| 5.0 | $100 |  |  | $300 |  |  |
|  |  |  |  |  |  |  |
| 6.0 | $80 |  |  | $370 |  |  |
|  |  |  |  |  |  |  |
| 7.0 | $60 |  |  | $460 |  |  |
|  |  |  |  |  |  |  |
| 8.0 | $40 |  |  | $570 |  |  |
|  |  |  |  |  |  |  |
| 9.0 | $20 |  |  | $700 |  |  |
|  |  |  |  |  |  |  |

1. Fill in the missing data.
2. Graph the Demand Curve, Marginal Revenue curve and the Marginal Cost curve on one graph.
3. Graph the Total Revenue, Total Cost and Profit curves on another graph.
4. Where does the monopolist Maximize profit?

5) What is the "Marginal Cost" of production? Why are Marginal Costs important in the study of Micro Economics?

6) In a highly competitive market place, is it possible to continually sell at a price above the average cost of production? Why or why not?

7) Why will firms not shut down as soon as the price of their product drops below the Marginal cost? At what point will most firms go out of business (shut-down) and why?

8) Explain the concept of Diminishing Marginal Returns. Give an Example.

9) Define Elasticity. If you have a product where elasticity is less than one, what does that mean? Is it good, bad for the firm?

10) Do you think the demand curve for a monopolist is very elastic or inelastic?  Is this important? Why?

11) What is marginal Revenue product?  Why is it important to a company?