FIGURE 8-4   Consumption, Production, and Imports under Free Trade   In the absence of trade, equilibrium is at point E, where D_X and S_X intersect, so that $P_X = \$5$ and $Q_X = 400$. With free trade at the world price of $P_X = \$3$, domestic consumers purchase $AC = 600X$, of which $AB = 200X$ are produced domestically and $BC = 400X$ are imported.
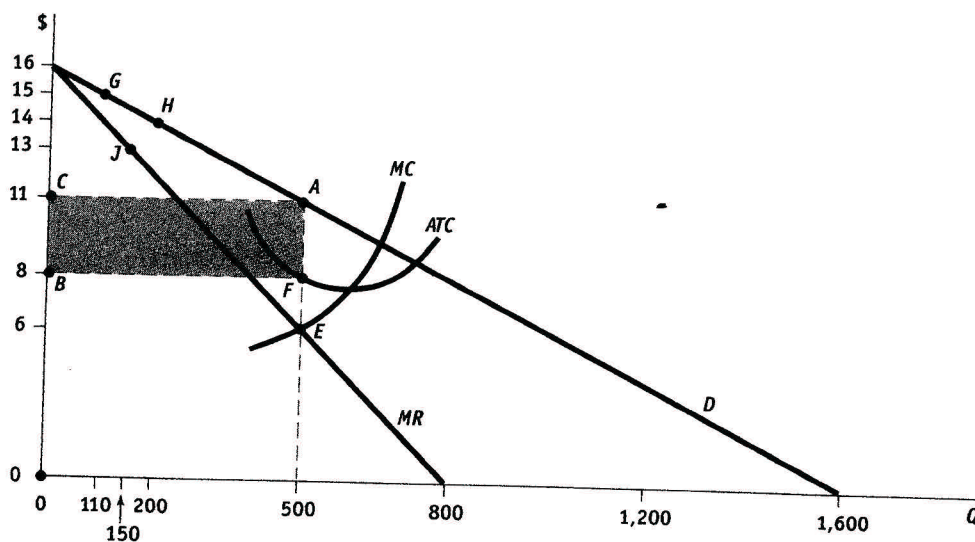
FIGURE 8-6   Short-Run Price and Output Determination by a Monopolist   The best level of output for the monopolist in the short run is 500 units and is given by point E, where $MR = MC$. At $Q = 500$, $P = \$11$ (point A on the D curve), and $ATC = \$8$ (point F), so that the monopolist earns a profit of $AF = \$3$ per unit and $AFBC = \$1,500$ in total (the shaded area).