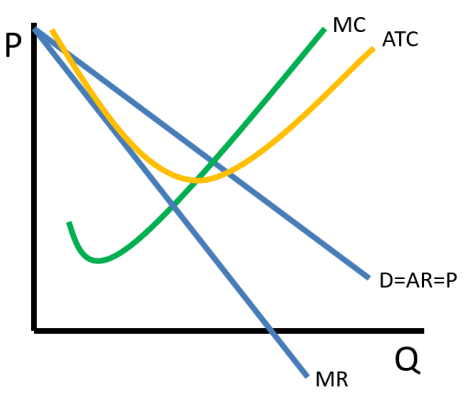
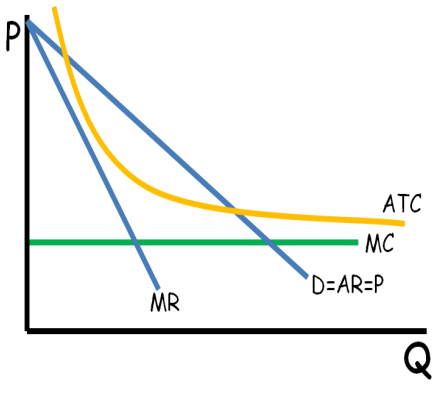
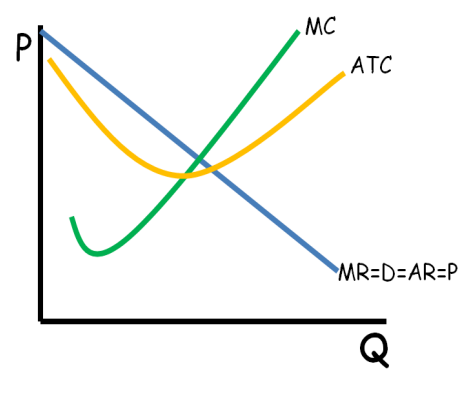
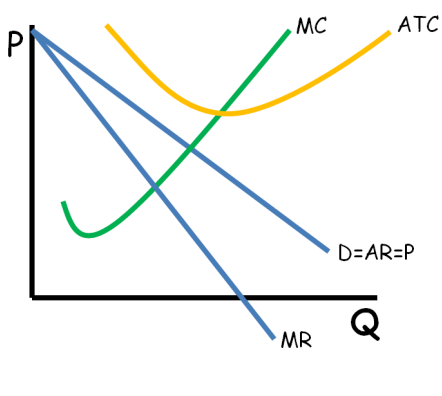
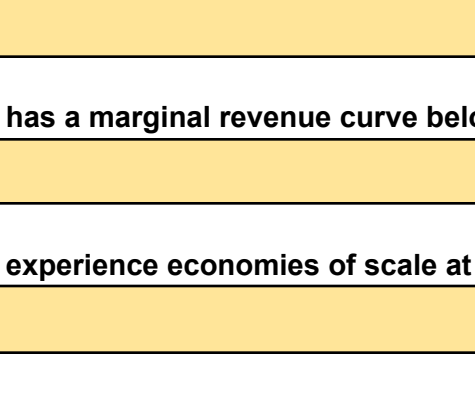


1. What is monopoly power and what causes firms to have it?

2. Explain why the monopolist's demand curve is also the market demand curve.

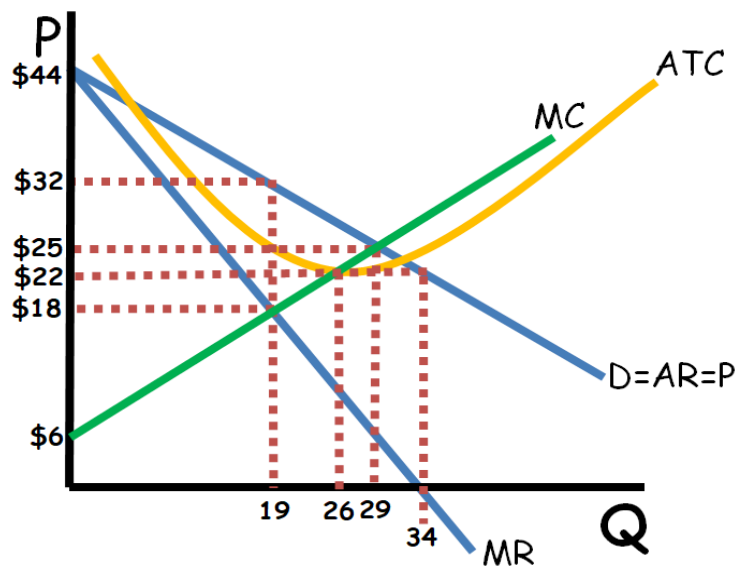
3. Take a look at the graphs below and match each term with the appropriate graph.

Single Price Monopoly Profit		
Single Price Monopoly Loss		
Single Price Monopoly Break Even		
Natural Monopoly		
Price Discriminating Monopoly		
		
		

4. Explain why a typical monopoly has a marginal revenue curve below the demand curve.

5. Explain why typical monopolies experience economies of scale at the profit maximizing quantity.

6. Use the numbers on the monopolist graph below to identify and calculate each of the following. Show your work for calculations. For all calculations assume the firm is profit maximizing.



Identify the profit maximizing quantity	
Identify the profit maximizing price	
Identify the revenue maximizing quantity	
Identify the allocatively efficient quantity	
Identify the competitive market price	
Identify the competitive market quantity	
Calculate the consumer surplus at the profit max Q	
Calculate the deadweight loss at the profit max Q	
Calculate the producer surplus at the profit max Q	
Calculate the total revenue at the profit max Q	
Calculate the total cost at the profit max Q	
Calculate the economic profit at the profit max Q	

7. What is a natural monopoly? How is the graph different from a typical monopoly?

8. What must be true for a firm to be able to price discriminate?

9. Compared to a single price monopoly, is each of the following higher or lower if a monopoly is a perfect price discriminator?

Profit		Deadweight Loss	
Price of the last unit sold		Quantity produced	
Consumer surplus		Producer surplus	

10. Take a look at the graph from number 6. Identify the profit maximizing price of the last unit produced and quantity produced if the firm were to perfectly price discriminate.

Price of Last Unit		Quantity Produced	
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