Wilf Csaplar Jr.   Economics 280   Homework #9   Due **Friday** 04/13
The Last One!

Do not put your name anywhere on the assignment, other than on the back of this sheet of paper. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you one point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you ten points. If you do double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (25 points) Draw the MC/AVC/ATC/D/MR diagram for a monopoly who is making positive profits. Find the quantity they will produce and the price they will charge. Explain how you found them. Mark the area which represents the profits and explain how you know that is the profits.

2) (35 points) Draw the MC/AVC/ATC/D/MR diagram for a monopolistically competitive firm who is losing money but staying in business. Find the quantity they will produce and the price they will charge. Explain how you found them and how you know they are losing money. Illustrate what will happen over time and explain why the curve(s) moved as drawn.

3) (15 points) Suppose the numbers in the table below represent the sales of all the firms in the industry. Calculate CR4, CR8, and the HHI. Show all work and briefly explain what you did.

Firm	1	2	3	4	5	6	7	8	9
Sales	500	400	300	300	200	160	80	40	20

5) (25 points) Draw the demand curve for a firm facing a kinked demand curve. Explain why it looks like that. Derive the MR curve for it. Use that to explain why a firm with such a demand curve may not change their price if their costs change.