

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 1 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 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (5 points) Which part of my web page, <http://mysite.bethanywv.edu/wcsaplar/> do you think will be most helpful? Why? Is anything missing that you would like to see? What is the URL for the first exam from this class during the last semester it was taught?

2) (5 points) Which part of the Economics Program's web page, <http://www2.bethanywv.edu/econ/> do you think will be most helpful? Why? Is anything missing that you would like to see? If you were a sophomore Managerial Economics major, then what courses does the program web page suggest you be taking this semester?

3) (10 points) Suppose a straight line demand curve is given by $P = a - bQ$, where a and b are constants. Find the TR function and use that to prove that the MR curve starts at the same point as the demand curve, but is twice as steep.

4) (25 points) Draw the D/MR/ATC/AVC diagram for a monopoly. Find the quantity produced and the price charged. Explain how you found them. Draw another demand curve which will result in the same quantity sold but a different price. Explain how you know that the two demand curves will give different prices but the same quantity.

5) (10 points) Which of the many reasons for having a monopoly is most common? Explain why you feel it is most common.

6) (20 points) Draw the AV/MV/S diagram from a monopsony. Explain how you found the price and quantity sold.

7) (25 points) Draw the D/ATC/AVC diagram for a natural monopoly. Place a price ceiling on the firm so that the price is where demand crosses the average total cost curve. Find the MR curve for the firm. Explain how you found it. What are the price and quantity sold? Explain how you found them. What is a real world problem with trying to implement this policy?