

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 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type this assignment 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) (15 points) What part of my webpage <http://www.WCsaplarJr.info> do you think is most helpful? Explain your logic. Is anything missing which would be helpful? If you were a Managerial Economics major, then which courses would you be taking *comps* in on Tuesday Morning? According to the boxes in yellow on my main page, which of the 25 most requested skills on LinkedIn are taught to our Economics majors?
- 2) (35 points) Suppose that a firm has two factories. The first one has a marginal cost curve of $MC_1 = 3 + Q_1$ and the second one has a marginal cost curve of $MC_2 = 3 + \frac{1}{2}Q_2$. What is the equation for the firm's marginal cost curve? Suppose the demand curve is $P = 24 - Q$. Draw all three marginal cost curves, the demand curve, and marginal revenue curve, on a graph with scales on both axes. Find the quantity produced at each factory, and the price charged. Briefly explain how you found them. Mark consumer surplus, producer surplus, and dead-weight loss. State how you found them.
- 3) (10 points) We drew a graph which showed how a tax could increase the price of a good by more than the amount of the tax. Without drawing the graph, explain the economic reason why this could occur. Hint: What is different about the shapes of the curves?
- 4) (20 points) Draw the ME/AE/MV diagram for a monopsony. Find the price, quantity, consumer surplus, producer surplus, and dead-weight loss. State how you found them.
- 5) (10 points) Explain how the elasticity of the market demand can influence the monopoly power of a firm in the industry.
- 6) (10 points) Why is "parallel conduct" illegal?