Economics 301  
Spring 2008  
Problem set # 9

Name:________________________

1. Assume a monopolist faces a market demand curve $p = 100 - 2Q$, and has a short-run total cost function $c(Q) = 640 + 20Q$. What is the profit-maximizing level of output? What are the profits? Graph the marginal revenue, marginal cost, and demand curves, and show the area that represents deadweight loss on the graph.

2. A monopolist sells in two states and practices price discrimination by charging separate prices in each state. The monopolist produces at constant marginal cost $MC = 10$. Demand in market 1 is $Q_1 = 50 - p_1$. Market 2 demand is $Q_2 = 90 - 1.5p_2$. What price will be charged in each market?

3. Perloff, fourth edition: question 1 page 300

4. Perloff, fourth edition: question 12 page 301
5. Perloff, fourth edition: question 13 page 301

6. Perloff, fourth edition: question 5 page 380