

You can receive partial credit on the essay questions only. Good Luck

PLEASE ANSWER IN THE SPACE PROVIDED ON THE EXAM PAPER ONLY. POINTS FOR EACH QUESTION ARE IN THE PARENTHESIS.

1. Answer the following questions using the information below. Suppose there are 300 identical firms in a competitive industry. Each have a short run marginal cost curve equal to:

$$SMC = 3q + 5$$

The market demand is:

$$P = 1000 - 2Q$$

- a. What is the market supply equation?
- b. What is the equilibrium quantity supplied and demanded in the market?
- c. What is the equilibrium price in the market?
- d. What is Consumer Surplus?
- e. What is Producer Surplus?
- f. How many units does a single firm produce?
- g. What is the producer surplus for one of these firms?

2. Using the following information about Bing Monopoly to help Bing maximize profits.

Bing's face a demand curve:

$$P = 20,000 - \frac{1}{2}Q$$

The marginal cost for Bing's is \$200.

- a. Write out the profit maximizing equation.
- b. What is the profit maximizing number of marbles for Mom-un-Pop's?
- c. What is the profit maximizing price of marbles for Mom-un-Pop's?
- d. What is Bing's Producer Surplus?