

## Economics 1 Answer Topics

### Week 9

**Exercise 10.4b** 10.5a 10.10b.

**Exercise 10.1**

- a) Quantity  $S$  at price  $E$ .
- b)  $EAR$ .
- c) Quantity  $I$  at price  $B$ .
- d)  $EBFH$ .
- e)  $BAF$ .
- f)  $HFR$ .
- g) Quantity  $S$ .

**Exercise 10.7**

- a)  $Q = 2.06, p = 388.2$ .
- b) Profit =  $-235.5$ , a loss, but better than shutting down, in which case the loss would be even higher (700).

**Exercise 10.8**

- a)  $Q = 200, p = 600$ , profit = 79,200.
- b) Consumer surplus increases by 120,000.
- c) Loss = 100. The monopolist would shut down in the long run. To prevent that the government could subsidise the monopolist or allow it to charge a price high enough to cover all costs.

**Exercise 10.9**

- a)  $Q = 40, p = 40$ .
- b) Profit = 700.
- c) In a) the deadweight loss is 400. With perfect price discrimination there is no deadweight loss.