

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) (10 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) (10 points) Which part of the Department of Economics and Business'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 Business major, then what courses does the departmental web page suggest you be taking this semester?
- 3) (10 points) Suppose a firm's demand function is given as  $P = 40 - \frac{1}{2}Q$ . Find the total revenue function, average revenue function, and the marginal revenue function. Show all work and briefly explain how you found them.
- 4) (20 points) Draw a D/MR/MC diagram for a firm with two different plants which have different marginal cost curves. Use that diagram to find out the total production of the firm and how they determine how much each plant makes. Explain how you found the quantity produced, price charged, and distribution of production between the two plants.
- 5) (15 points) Suppose a firm has a constant marginal cost of \$10/unit. The elasticity of demand is  $E_p = -2$ . What is the price they should charge? What is the Lerner Index of Monopoly power for this firm? Explain your logic and show all calculations.
- 6) (20 points) Draw the D/S diagram for a monopsonist. Add any labels and other lines necessary to find how much the level of production and price charged are. Explain how you found each one. Prove the production is inefficient.
- 7) (15 points) Explain why the marginal revenue line for a monopolist with a price ceiling is horizontal for most of it.