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Write in the box the number of the question you are answering on this page as it is designated in the examination.

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(i) Monopoly produces where MC = MR and P > MC
(ii) P = (P - ATC) x Q, as displayed in the graph.

b. In a monopoly, to produce more, must decrease price.
   So, to produce higher output must get lower price for each unit, even those you would have sold at a lower price.
   This constitutes for MR always being lower than the demand curve in a monopoly (note: demand curve is the market demand).
   The amount of revenue on each unit down, when output up.
   And MR = ΔTR / ΔQ, so MR will always be lower than D in a monopoly.

C. (i) Consumer surplus is the area (indicated by 以上 price) above price and below the demand curve.
   (ii) EU is the area indicated by and represents total deadweight...
The marginal revenue curve decreases at a faster rate than the demand curve does, thus demand always exceeds marginal revenue.