AP® Microeconomics
2003 Sample Student Responses

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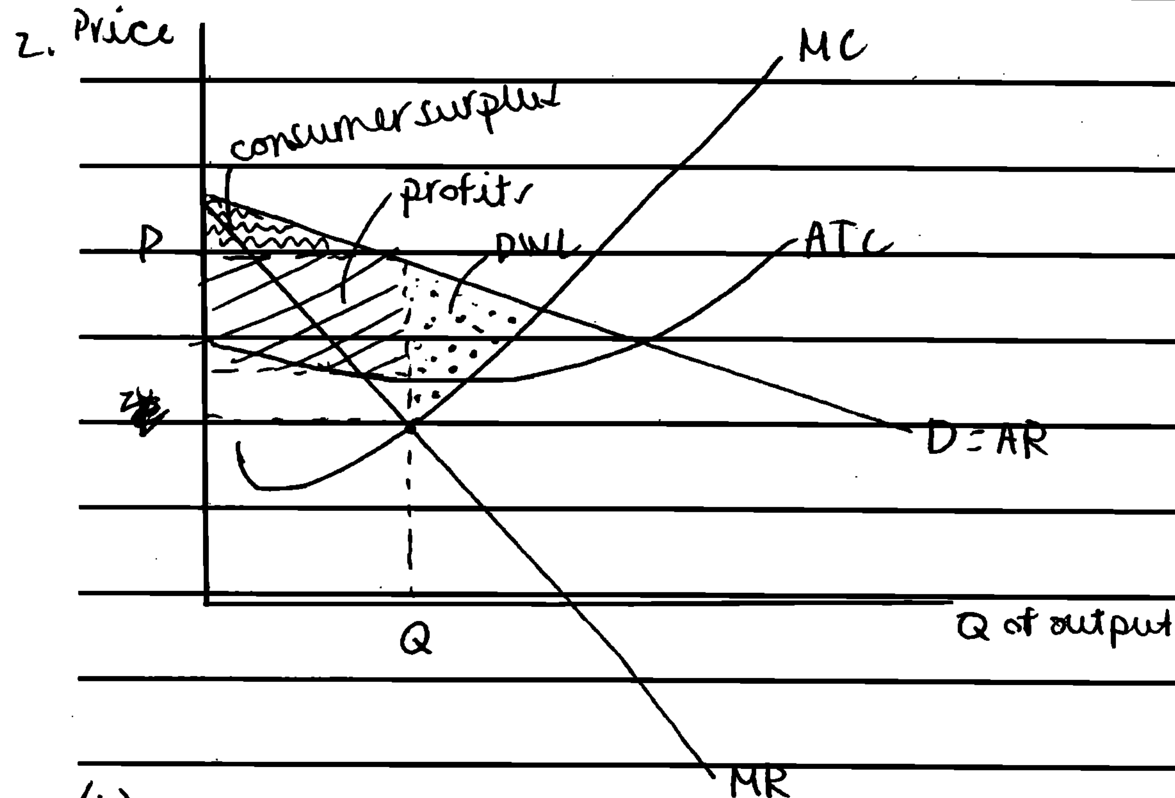
2 **2 MICLA**

2.



i/ii) • monopoly produces where MC = MR and P > MC

iii) • P = (P − ATC) × 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 ~~the~~ MR always being lower than the Demand curve in a monopoly (note Demand curve is the market deman

• the amount of revenue on each unit ↓, when output ↑ and $MR = \frac{\Delta TR}{\Delta Q}$, so MR will always be lower than D in a monopoly

c. i) consumer surplus is the area (indicated by ~~~) above price and below the demand curve

ii) DWL is the area ~~that~~ indicated by ⁘ and represents ~~loss~~ deadw loss.

2MICLD

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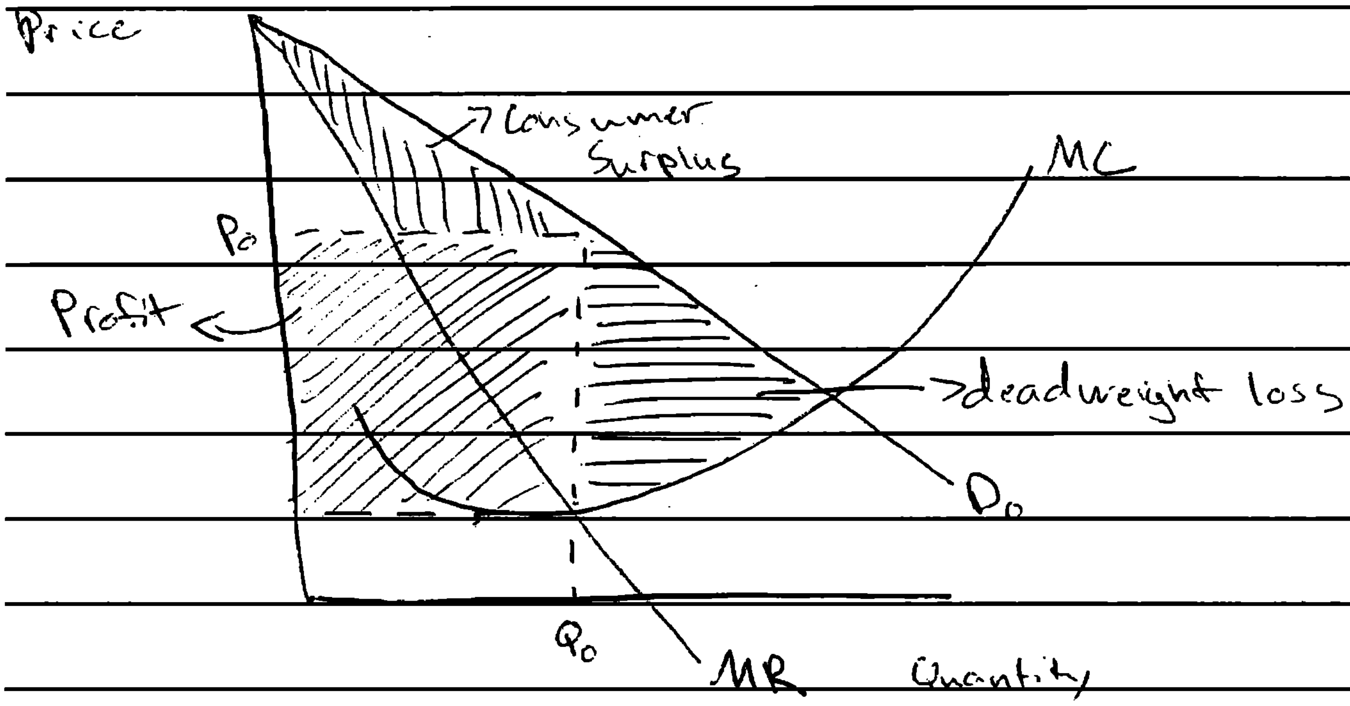

The marginal revenue curve decreases at a faster rate than the demand curve does thus demand always exceeds marginal revenue.