1) If it produces, a firm’s profit-maximizing q is 50, its price is $40, V = $1800, and F = $400. If these numbers do not change, what is the firm’s maximum profit in the short run and in the long run?

2) MR = $11 and MC = $15 for a firm at its current q. What should the firm do?

3) Demand is: P = 200 - 4Q. When Q = 25, what is $E^D_P$?

4) If $E^D_P = - .4$, we wish to raise Q by 20%, & the demand schedule has a constant slope, how much must P fall?

5) Initially we have P = 50 - Q and P = 5 + 2Q for demand and supply. What are equilibrium P & Q? Now place a tax of $3 per unit on sellers. What are P, Q, and tax revenue?

6) Using Figure 1, find the social loss from the tax on sellers.

7) Peaches are grown in Georgia & are consumed in Georgia and Vermont. It costs 40¢ per bushel to ship from Georgia to Vermont (shipping cost in Georgia is negligible). Currently the prices per bushel are PVT = $4.40 & PGeorgia = $4.10. What will peach producers do, & what happens in the peach market in both states?

Figure 1