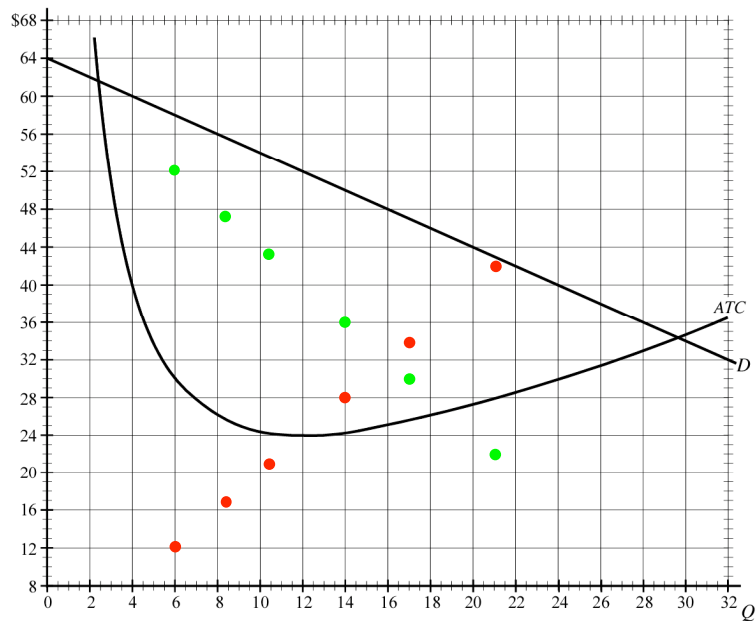


Q	P	TR	MR
4	60	240	52
8	56	448	47
9	55	495	43
12	52	624	36
16	48	768	30
18	46	828	22
24	40	960	

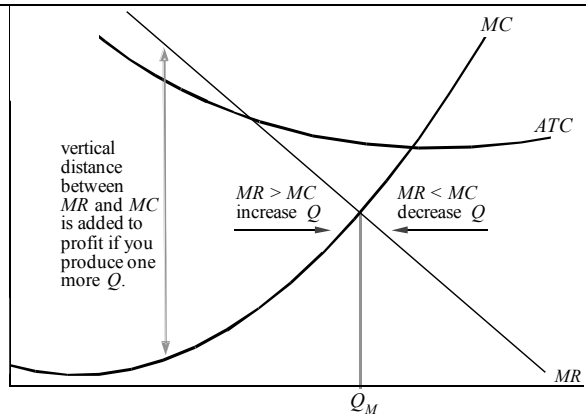
ATC	TC	MC	$(MR - MC)$
40	160	12	40
26	208	17	30
25	225	21	22
24	288	28	8
25	400	34	-4
26	468	42	-20
30	720		



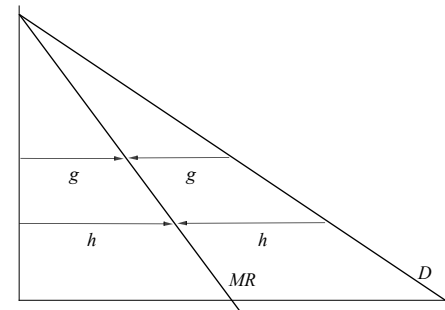
This table suggests the following rules for increasing profit:

- $MR > MC$ – increase Q
- $MR < MC$ – decrease Q
- $MR = MC$ – profit max
– best Q

These rules are especially useful whenever you are given an MR curve and an MC curve.



However, what do you do if you are not given an MR curve? If the demand curve is a straight line, then the MR curve is horizontally half of the demand curve! Merely draw two horizontal lines anywhere between the vertical axis and D , divide each in half as shown. Connect the midpoints using a ruler.



Steps in Finding a Monopoly's Best Profit Position (with example)

- ① Draw MR curve
- ② Locate intersection between MR curve and MC curve
- ③ Drop straight down to Q axis to find Q_M (best Q)
- ④ Go straight up to D curve to find P_M (best P)
- ⑤ Find ATC_M to compute profit.
Max total profit = $(P_M - ATC_M) \times Q_M$

