

**Homework #11** (due a week from Tuesday)

Correct any answers on exam #2 on which you missed two or more points.

**Homework #12** (due Tuesday)

- 1.) Questions 11.1, 11.2, 11.4, 11.6 from B&Z.
- 2.) Given the demand curve,  $Q = 80 - 4P$ ,
  - a.) Precisely draw D (including endpoints) and then, draw MR (which is twice as steep as D coming from the same point on the vertical axis).
  - b.) Rearrange terms in D such that the equation is in terms of P. From that and your drawing of D & MR, figure out the equation for MR.
  - c.) So far, we've been taking the MR curve completely on faith. Find two equations for TR-- one in terms of P and the other in terms of Q. Using the one in terms of Q, solve for the equation for MR.
  - d.) Solve for the Q such that  $MR = P$ .
  - e.) Given  $MC = 2Q$ , solve for profit-maxing  $Q^*$ . Then solve for P, MC and MR at  $Q^*$ .
  - f.) Draw 2a-e accurately.
  - g.) Solve for  $E_D$  at  $Q^*$  twice-- using an appropriate elasticity equation from earlier in the course and from chapter 11. (Hint: the answers should be identical!)