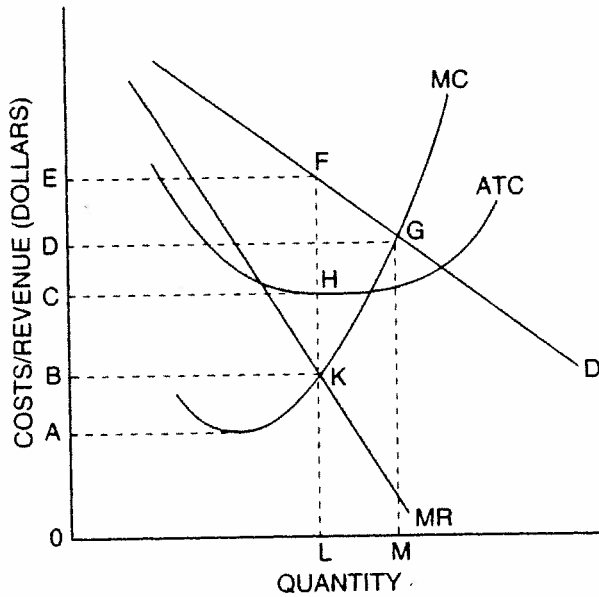


Monopolistic Competition



Figure 40.1
Monopolistically Competitive Firm in the Short Run



1. Use Figure 40.1 to answer these questions.

- (A) At what level of output will this firm operate? _____
- (B) What is marginal revenue at this level of output? _____
- (C) What price will this firm charge for its product? _____
- (D) The area of which rectangle is equal to total revenue? _____
- (E) What is the firm's average total cost? _____
- (F) The area of which rectangle is equal to the firm's total cost? _____
- (G) Is the firm making profits or incurring losses? _____
- (H) The area of which rectangle is equal to profits or losses? _____
