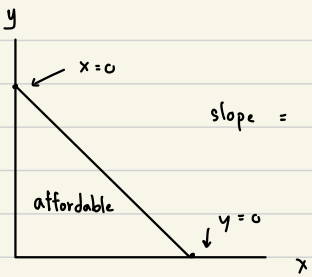
Rujiwat Elamsirikulmit 6304641324

1a Budget line : $M = P_1X_1 + P_2X_2$

Sinovac x

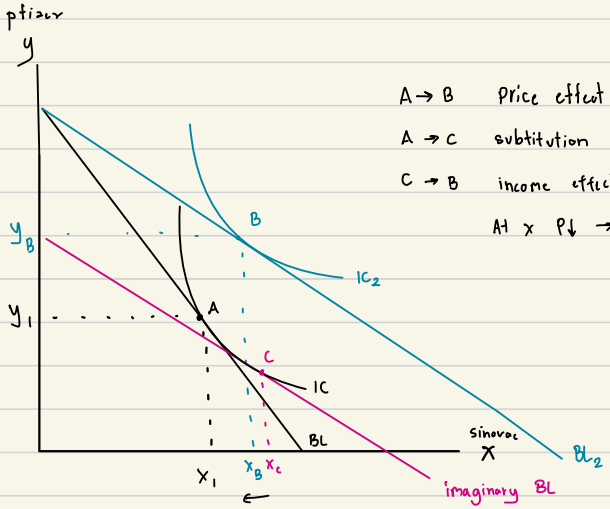
Ptizer y

$$40 = 20x + 40y$$



$$\text{slope} = \frac{P_x}{P_y} = \frac{20}{40} = 0.5$$

1b.



A → B Price effect

A → C Subtitution effect

C → B Income effect

At x P_x↓ → purchasing power ↑ → x ↓

x interior goods

A → B price effect

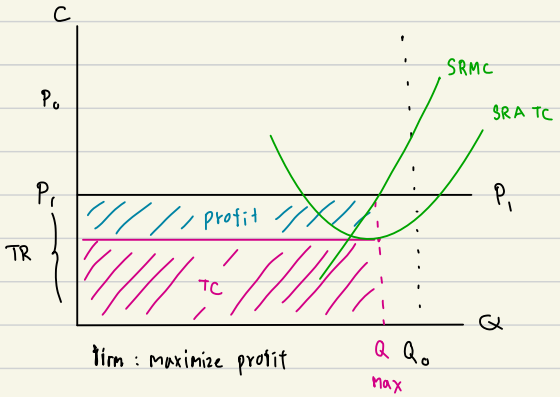
A → C subtitution effect

C → B income effect

At y P_y↓ → purchasing power ↑ → y ↑ (from Y_C to Y_B)

y normal goods

2a.



P_0 change to P_1 SRAC, SRMC,

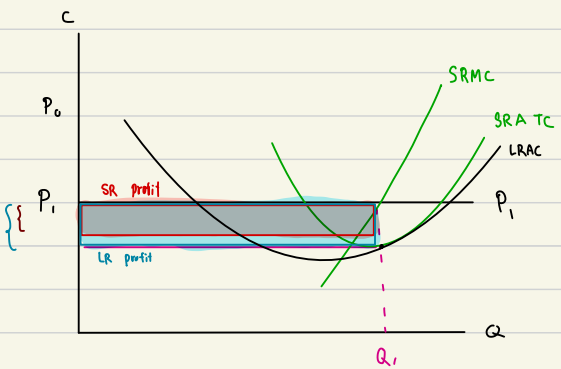
MR > MC : ↑ production

MR < MC : ↓ production

MR = MC : equilibrium

P = MC : equilibrium

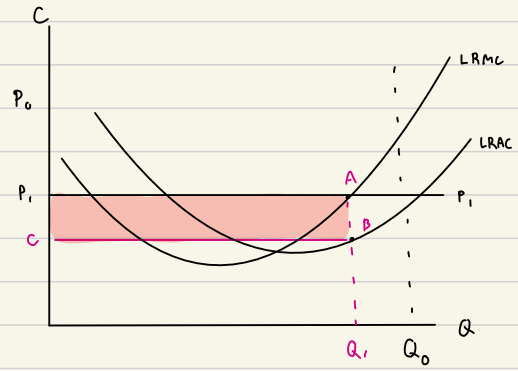
2b.



start Q_1 [P = MC]

LR profit > SR profit

2c.

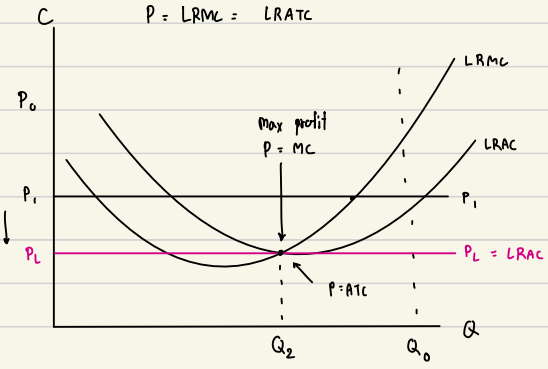


start firm produces at Q_1 → Profit = P_1ABC

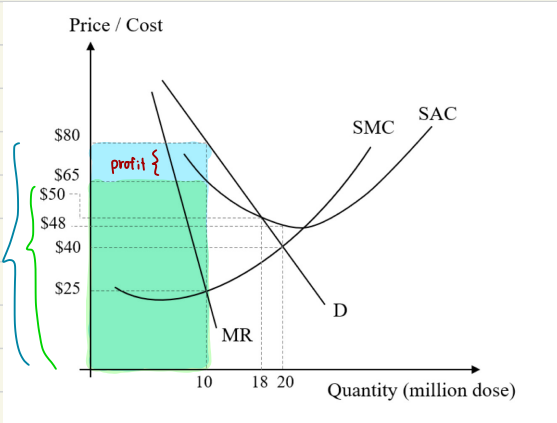
later competitor will enter the market

market price ↓ = profit ↓ = 0

because profit = 0 / competitor stop entering



3a.



MR = MC (maximize profit) Q = 10 P = 80

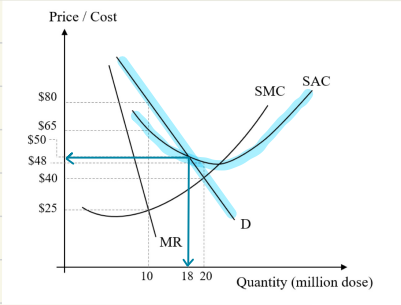
TR = P · Q = 800

AC = 65

TC = AC Q = 650

profit : TR - TC = 150

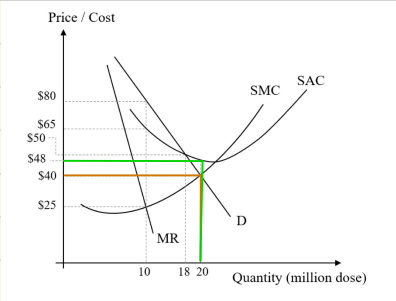
3b. profit 150 m $



3c. monopoly → price very high

gov. intervenes the market → fair price

fair price = 50 Q = 18



3d. P = 40

AC = 48

loss 48 - 40 = 8 $/ dose

↳ 8 x 20 = 160 m $

Subsidy = 160 m $