Kasithat kraisin
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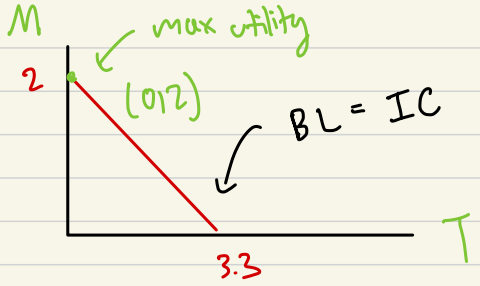
1. a)



M = No. of times to Maldives
T = No. of times to Thailand

Maldives ; Th are perfectly substitutable good

How many of each

$\frac{MU_T}{P_T} = \frac{MU_M}{P_M}$

$\frac{MU_T}{3000} = \frac{MU_M}{5000}$

$\frac{1}{3000} < \frac{2}{5000}$

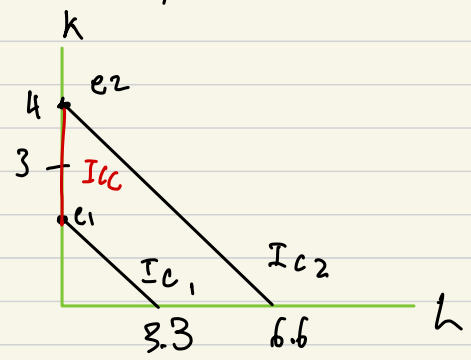
Combination

M	T
0	3
1	1
2	0

Answer: Maldives 2 times to Thailand 0 times

1b) At budget = 20,000 baht, two options are

M	T
0	6
1	5
2	3
3	1
4	0



Slope of ICC = undefined

if use Maldives in x axis the ICC Slope could be 0

M = 4, T = 0 is the only option that utilised budget = 20,000 and also yields more utility

2a) Marginal Rate of technical Substitution

$$= \frac{MP_L}{MP_K} = \frac{6}{8} = \frac{3}{4} \text{ ans}$$

At the equilibrium $\longrightarrow$ Slope of isoquant = Slope of isoquant

$$\frac{MP_L}{MP_K} = \frac{w}{r}$$

$$\frac{3}{4} = \frac{3}{r}$$

$r = 4$

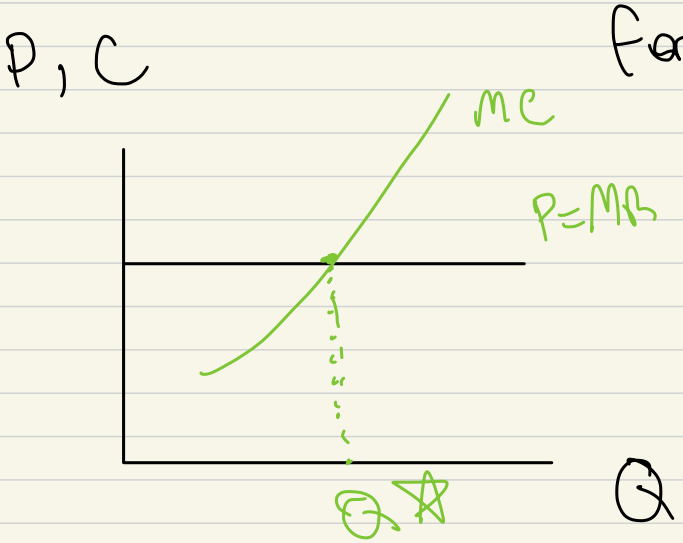
Answer : $r = \$4$

2b)

Firm will buy less labour because it has become relatively more expensive. Instead, Firm will buy more capital (K, L are substitutable factors because K has become relatively cheaper.

3 a) Profit maximising condition → MC=MR

equilibrium in this case, at P=150 baht, qt for perfect competition P=MR meaning that the MC is 150 baht



3b) Q=20 P=150

AC=180

AFC=60

AVC=AC−AFC
= 180−60
= 120 baht

TR=P·Q
=20·150
= 3,000 ฿

TC=AC·Q
=180·20
=3600 baht

π=(P−AC)Q
=(150−180)20
= −600 ฿

3c) Yes, they should because at P of 150 and AVC=120, after the firm pay the wage, they would still have 150−120=30 ฿ left to pay for the interests

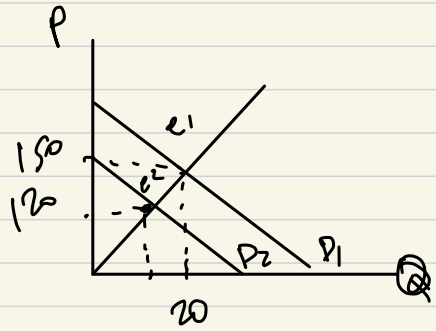
TFC = 60 . 20 = 1200

TVC = 120 . 20 = 2400

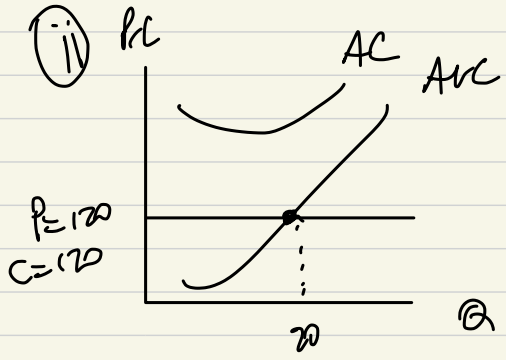
TR = 2000

If firm decided to stop the production, they would lose 1,200 baht from the fixed cost, BUT if they keep producing at Q = P1 then they can use TR received to pay for TVC at 2400, and have 600 baht left over to pay for the TFC. Instead of losing 1,200 baht, they would be losing only 600 baht

3 d) (i) change in equilibrium price and the quantity of the market



(ii)

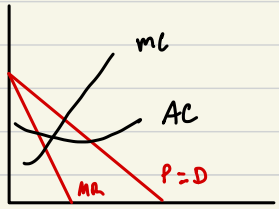


If they stop producing (Q = 0) they will have to pay full TFC.

But if they keep producing, TR would cancel out TVC altogether and the firm has to pay full TFC

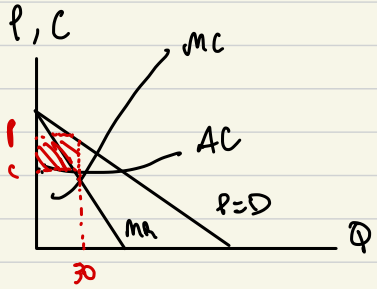
4a) MR = derivative of TR $TR = P \cdot Q$

$= Q(60 - 0.6Q) = 60Q - 0.6Q^2$



$$\frac{dTR}{dQ} = 60 - 1.2Q = MR$$

4b)



Profit is maximized when MR = MC, because when MR > MC, producing one more unit will yield more money than what it cost to produce. But when MR < MC, each Q would be making a loss.

The area highlighted in red is profit

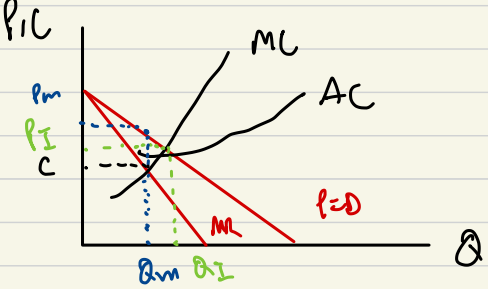
$MR = MC$

$24 = 60 - 1.2x$

$x = 30 = Q$

optimal no of house = 30

4C.) Ideal Price → P = MC



Ideal price is designed to lower the price of goods in a monopoly market. In the example that I illustrated, The excess profit is reduced from the blue area to green area only. But in some cases, if the point P = MC is lower than AC, the firm will make a loss and likely to leave the market, leaving the consumer with no product.

5.

Mix (Regular)

Mook (Bold)		Boba tea (B)	Ice-cream (C)	Donut (D)
	Boba tea (B)	1,2	3,5	2,1
	Ice-cream (C)	0,4	2,1	3,0
	Donut (D)	-1,1	4,3	0,2

Nash Equilibrium At Mook-D Mix-C (4,3)

Because if Mook choose this point for her best payoff = 4, then mix options would be 1, 3, 2 and Mix would choose 3, which is the same point for Mook.

After seeing Mook choice, Mix doesn't want to change anything

= Nash Equilibrium