

EE211 Section 1

Homework 5 due on May 18th, 2025 (Email: kaewkwanee211@gmail.com)

Explain your answers with graph in details.

1. Profit Maximization for a Monopoly
 - a. Draw the demand, marginal revenue, average-total-cost, and marginal cost curves for a monopolist. Show the profit maximizing output, the profit-maximizing price, and the amount of profit.
 - b. In your diagram from the previous question, show the output that maximizes total surplus. Show the deadweight loss from the monopoly. Explain your answer.
2. Why is a monopolist's marginal revenue less than the price of its good?
3. Give an example of a negative externality and an example of a positive externality.
4. What are the corrective taxes? Why do economists prefer them to regulations as a way of protecting the environment from pollution?

Mankiw, N.G., (2023) **Principles of Microeconomics**, 10th ed., Cengage, (ISBN-13: 978-981-5119-30-5)

Chapter 16

Problems and Applications # 1, 3, 4 and 5

Chapter 19

Problems and Applications # 1, 2, and 3

Chapter 8

Problems and Applications # 3