University of California, Davis
Department of Economics
ECONOMICS 1A

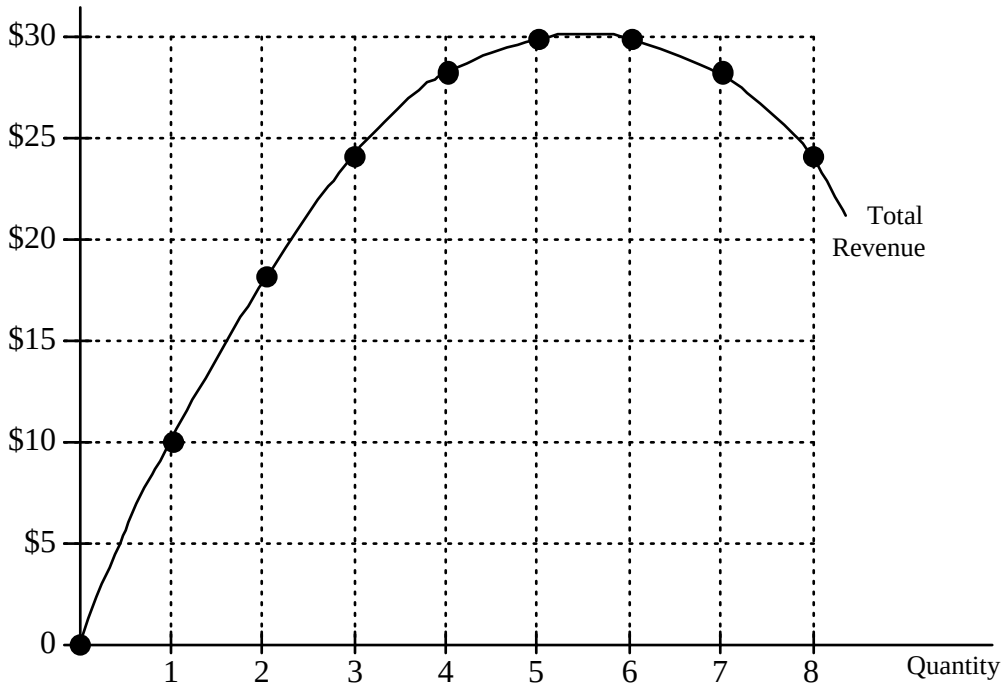
Spring 2010 L. Jay Helms

Revenues and Profit Maximization for a Monopolist

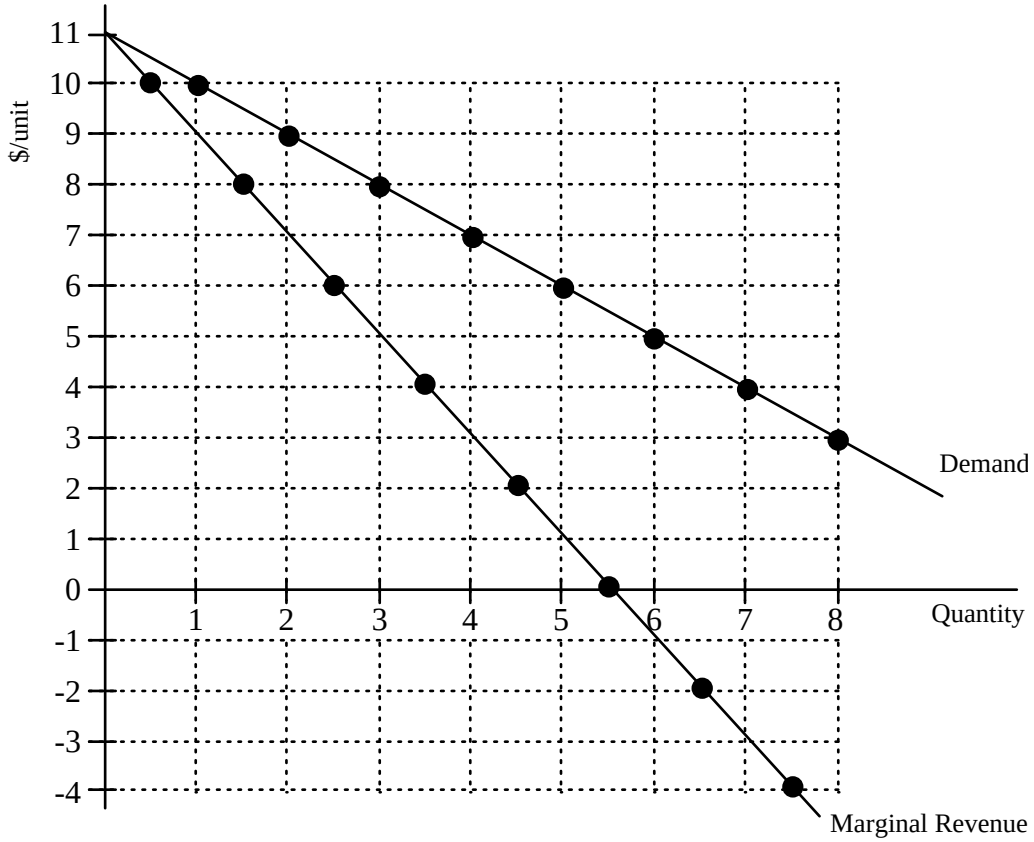
Total, Average, and Marginal Revenue

Quantity *Q*	Price *P*	Total Revenue *TR = P * Q*	Average Rev *AR = TR/Q*	Marg Rev *MR = ΔTR/ΔQ*
0	$11	$0	—	
				$10
1	10	10	$10	
				8
2	9	18	9	
				6
3	8	24	8	
				4
4	7	28	7	
				2
5	6	30	6	
				0
6	5	30	5	
				-2
7	4	28	4	
				-4
8	3	24	3	

Total Revenue Curve

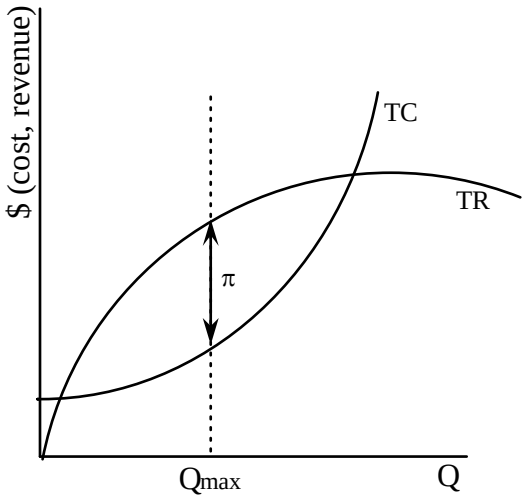


Demand and Marginal Revenue Curves



Profit Maximization

Using Total Cost and Total Revenue



Using Per-Unit Costs & Revenues

