2.2. Study the graphs below and answer the questions that follow.

**D**

**D**

**S**

**S**

**1**

**S**

**S**

**1**



**Price/ Revenue**

**Quantity**

**0**

**50**

**60**

**8**

**5**

**Quantity**

**0**

**Price/Cost**

**8**

**5**

**300**

**450**

**AR/MR**

**AR**

**1**

**/MR**

**1**

**e**

**1**

**e**

**INDUSTRY**

**BUSINESS**

**MC**

**AC**

2.2.1. Where does the marginal cost (MC) intersect the average cost (AC)? (1)

2.2.2. Identify the price where the individual producer will make economic profit.(1)

2.2.3. Briefly describe the term *marginal revenue.* (2)

2.2.4. Why is the marginal revenue curve (MR) in the perfect market the same as the

 demand curve? (2)

2.2.5. Explain how long-run equilibrium is achieved in the market. (4)