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

**D**

**D**

**S**

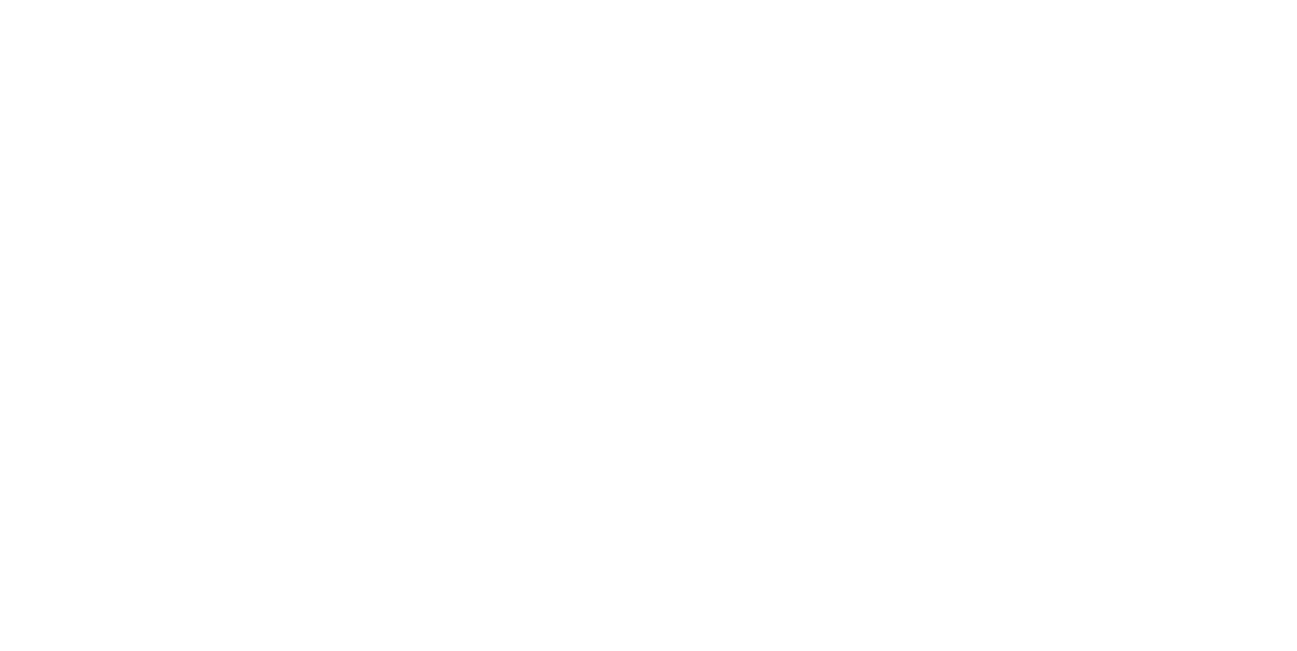
**S**

**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)