

Econ 301: Assignment 5
Due Monday, April 6

A perfectly competitive firm has the long run cost function $c(q) = 200 + 3q^2$ for $q > 0$ (if $q = 0$, then $c(q) = 0$).

- a) Suppose the market price is currently \$120 per unit. Find the firm's profit-maximizing output level.
- b) Calculate the firm's profit at this price.
- c) At what price will this firm choose to exit the market?