Critical Analysis

1. I am producing and selling 1000 widgets per week. In a price taker market I receive $1.00 per widget. The sum of my average fixed cost and average variable cost equals $1.00 and would fall with an increase in output. My economic profit is zero. Using an appropriate, well-labelled diagram, reveal my current situation and advise me on a course of action. Note, my goal is to maximize profit.
2. I am producing and selling 2000 wimmydiddles per week. In a price searcher market, my price is $2.00 per wimmydiddle. My average total cost is $2.00 and is at its minimum value. My economic profit is zero. Using an appropriate, well-labelled, diagram, reveal my current situation and advise me on a course of action. Note, my goal is to maximize profit.

3. Using words and pictures (two of them: one for a representative price-taker firm and the other for the competitive market in which it operates) show and tell about a situation of equilibrium. Next assume an increase in market demand show and tell about the adjustment in the short- and long-run (assume constant costs of inputs).
4. **True or false and WHY?**

Economics analysis suggests that a valid case for government regulation is the outlawing of price discrimination in any form.

Please sign the following: I have neither given, nor received unauthorized aid on this piece of work, nor have I knowingly tolerated any violation of the Honor Code. 
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