**Microeconomics Final Exam 2020 Fake Exam**

Name/Surname/Student ID#:

1. [This is the short-run version of the first exam]

A representative firm in the Turkish economy has a Cobb-Douglas technology given by:

A typical Turkish firm uses 1600 units of whose price is . Assume that the wage of labor is

a) Derive the short-run cost function.

b) Suppose that market demand curve is given by . What is the market equilibrium if the number of firms is ?

c) What is the equilibrium level of profit at the short-run market equilibrium?

**Answer:**

In a short-run equilibrium, we solve the following equations:

… (Solve the rest on your own. See also the lecture notes where we discuss short-run cost functions)

1. [Only the numbers are different]

Suppose that you own a firm that produces shoes. The marginal cost of producing a pair of shoes is 20TL. The demand for your product is

Moreover, shoes with the exact same quality can be shipped from Italy with prices starting from 23TL. Assuming everyone buys from the cheapest seller, what would be your price to maximize your profit?

**Answer:**

The profit of the firm (if ) is given by

But the demand function implies that (…. Solve the rest on your own).

1. [The answers are below. For the graphs see solved exercise 4.4 on p.143]

My preferences for tea ( and cheese-cake is

Their prices are , . My income for lunch time desert is .

1. Solve my utility maximization problem using graphical tools. (Answer:
2. The price of cheese-cakes suddenly jumps to Solve my problem again. (Answer: )
3. After the rise in prices, my utility, of course, decreases. How much extra income would I need to compensate the loss in my utility? (My income should be doubled, 120, so that I can still buy ).

(Reminder: See Solved Problem 4.4 on p.143 of our textbook.)

4) [Just the numbers are different]

Hotel Zamazingo is an all-exclusive resort in Zodrum. All drinks and meals are free for the customers of Zamazingo. Suppose that the demand for meals by a representative consumer is

where is the price of a typical menu that each user would eat. The marginal cost of each meal is 30TL. The entry-fee for the resort is

a) What is the price of one meal for a customer?

b) Find the optimal that would maximize Zamazingo’s profit?

c) Instead of an unlimited meals, the management of Zamazingo also considers to sell each meal for a without any entry-fee, . Is this a good idea? Please do not forget to take into account that the marginal cost is not zero.