Answer on Question #57882 -Economics - Microeconomics

Question: can I tell if I have a monopoly if I only know :Q , MC,MR,TR,AR,AC??

Answer

It is a monopoly, if the condition

$$P_m > MR$$

is fulfilled.
We can calculate the price from the formula:

$$P_m = \frac{TR}{Q}$$

Also we can calculate Lerner index, which describes a firm's market power. It is defined by:

$$L = \frac{P - MC}{P}$$

The index ranges from a high of 1 to a low of 0, with higher numbers implying greater market power. For a perfectly competitive firm (where P=MC), L=0; such a firm has no market power.