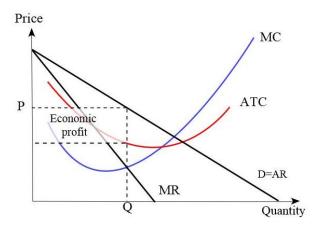
## Answer on Question #67372 - Economics - Economics of Enterprise

## Question

If Eskom (assumed sole supplier of electricity) is earning economic profits in the short run. Explain using a well labelled diagram how much output Eskom will produce and at what price this output will be sold if Eskom maximises profits

## Answer

In monopolistic market the profit maximization occurs when the firm produce quantity for which MC (marginal cost) = MR (marginal revenue). The price of profit maximization corresponds to intersection of demand curve and vertical line at the found output.



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