

Econ 101: Poll #4

Suppose that Comcast has a cable monopoly in Philadelphia. The following table gives Comcast's demand and costs per month for subscriptions to basic cable (for simplicity, let's keep the number of subscribers artificially small).

| Price | Quantity | Total Cost |
|-------|----------|------------|
| \$17 | 3 | \$56 |
| 16 | 4 | 63 |
| 15 | 5 | 71 |
| 14 | 6 | 80 |
| 13 | 7 | 90 |
| 12 | 8 | 101 |

1. What is the optimal number of subscriptions Comcast should sell?
 - a) 5
 - b) 6
 - c) 7
 - d) 8
2. What is the price that Comcast will charge for their subscription?
 - a) \$15
 - b) \$14
 - c) \$13
 - d) \$12
3. What is Comcast's profit?
 - a) \$1
 - b) \$2
 - c) \$3
 - d) \$4
4. Suppose the state government imposes a \$2.50 month tax on cable companies (Comcast included). What price should Comcast now charge? How many subscriptions should it sell? And What will its profit be? (in the respective order)
 - a) \$15, 5, \$1.00
 - b) \$14, 6, \$1.50
 - c) \$13, 7, \$2.00
 - d) \$12, 8, \$2.50

