

2. Incorrect. The answer is false not true. To maximize profits the monopolist takes the derivative of profits with respect to output and sets it equal to zero. $d\pi/dQ = P + (dP/dQ)*Q - dTC/dQ = 0$. This result suggests that the monopolist should set marginal revenue equal to marginal cost. In the competitive case the producer has no influence on price and $dP/dQ = 0$. Thus, in a competitive market the optimum is where price equals marginal cost.