

8/17/12

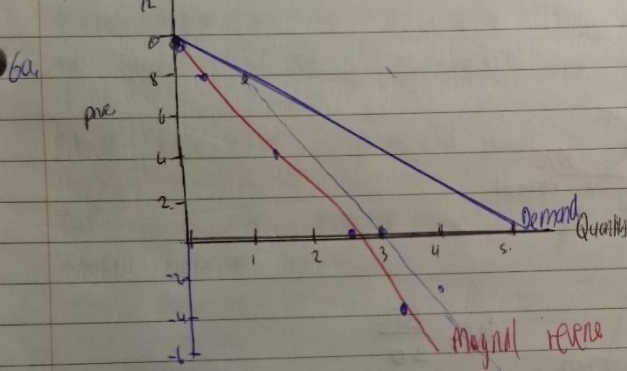
Week 11

Economics Homework 9

ΔTC/ΔQ

Q	P	Revenue	Marginal revenue	Total cost	Marginal cost	Profit TR-TC
0	10	0	0	1	1	-1
1	8	8	8	3	2	5
2	6	12	4	7	4	5
3	4	12	0	13	6	-1
4	2	8	-4	21	8	-13
5	0	0	-8	31	10	-31

Max revenue = 12



6. As price decreases quantity increases. But increase in quantity may not always compensate for decrease in price. Thus revenue decreases and so does Marginal Revenue.

7a. Price is either 6 or 4 per unit to maximize revenue.
b. Elastic from price 10 to 6. Inelastic from price 6 to 4. Fall in price resulting in increase of revenue is elastic.

8. She will look out in marginal revenue and total revenue.

Q	P	TR	TC	Profit
0	10	0	1	-1
1	8	8	3	5
2	6	12	7	5
3	4	12	13	-1
4	2	8	21	-13
5	0	0	31	-31

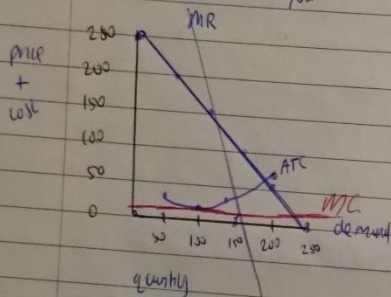
$MR = MC = 4$
= 2 price of 0

22/23

Chapter 13

22. Pre

Quantity	Price	Revenue	Fixed cost	Average TC	Marginal revenue	Marginal cost	$\frac{\Delta TC}{\Delta Q}$
0	250	0	1000	1000	0	0	600
50	200	3000	1000	1500	50	3000	10
100	150	1500	1000	2000	100	15000	10
150	100	1500	1000	2500	150	15000	10
200	50	10000	1000	3000	200	60000	10
250	0	0	1000	3500	0	0	10



MC

$$MR = - \frac{\Delta TR}{\Delta Q} \quad 600 \quad MR$$

$$MC = \frac{\Delta TC}{\Delta Q}$$