Under perfect competition, the short-run supply curve of a profit-maximizing firm is..

the portion of its marginal cost curve
above the minimum possible average
variable cost of production

Aggregate expenditure
equals

$C + I + G + NE$

Real GDP

measures current aggregate production adjusted for changes in prices since a certain base year

A monopolist maximizes profit by setting price...

so that marginal revenue equals
marginal cost

In the long run, economic profits in a perfectly competitive industry will..

occur only if firms are producing
up to the point at which price equals
minimum average cost

The demand curve facing
a competitive firm is

perfectly elastic

Total fixed cost
formula

total cost - variable cost

According to the law
of diminishing marginal returns.

the marginal product of a variable input will eventually decline as more of that input is used together with fixed inputs

The short run is that period in which a firm

can vary some inputs, but others
are fixed

Economic cost for a business firm

includes the monetary value of
both purchased + nonpurchased inputs

Jim and Carolyn own a tree-
trimming service in Louisiana.
Currently they have enough workers
so that the average product
of labor is maximized. At this
point,

the marginal product of labor
is equal to the average product

If marginal cost is less than average cost, at current levels of production average cost is decreasing with output

The average cost of producing electronic calculators in a factory is \$20 at an output level of 100 units per week. If fixed cost is \$1,000 per week...

average variable cost is $10

The average product of agents
in an insurance company is
currently 5 policies written per
month. If the company employs
428 ~~employs~~ agents, it's writing

2,140 policies per month

A Corporation earns \$10 million in revenue in 2002. Accounting costs are \$5 million that year. The corporation owns assets valued at \$20 million + no debts. If the opportunity cost of capital for Shareholders of the corporation is 10%, the economic profit is . .

$3 million

Implicit costs are
equal to

~~opportion~~ opportunity costs of owner-supplied resources

A long-run competitive equilibrium exists in

an industry when there's no
tendency for firms to enter or
leave or to expand or contract
the scale of their operations

Improvements in technology...

lower the minimum possible average cost of ~~produces~~ producing goods + services