

Review Exam 3

Includes chapters 13,14 and 15

Total output

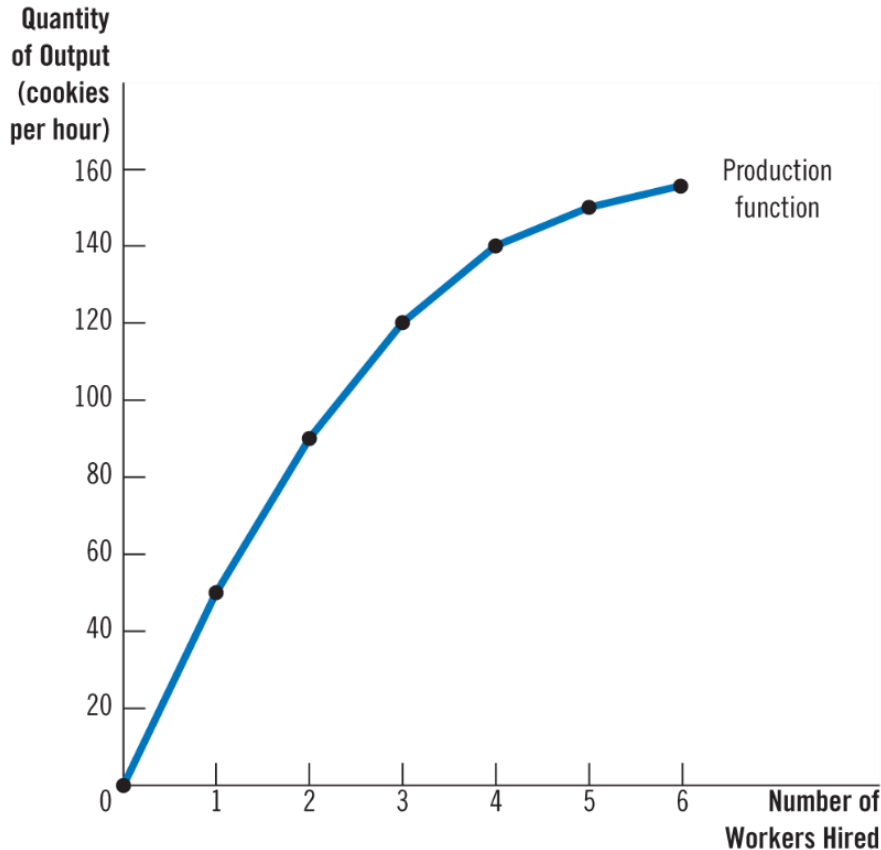
Labor (Number of Workers)	Output (Units)	Marginal Product (Units)
0	0	—
1		30
2		45
3		60
4		50
5		40

Marginal product of labor

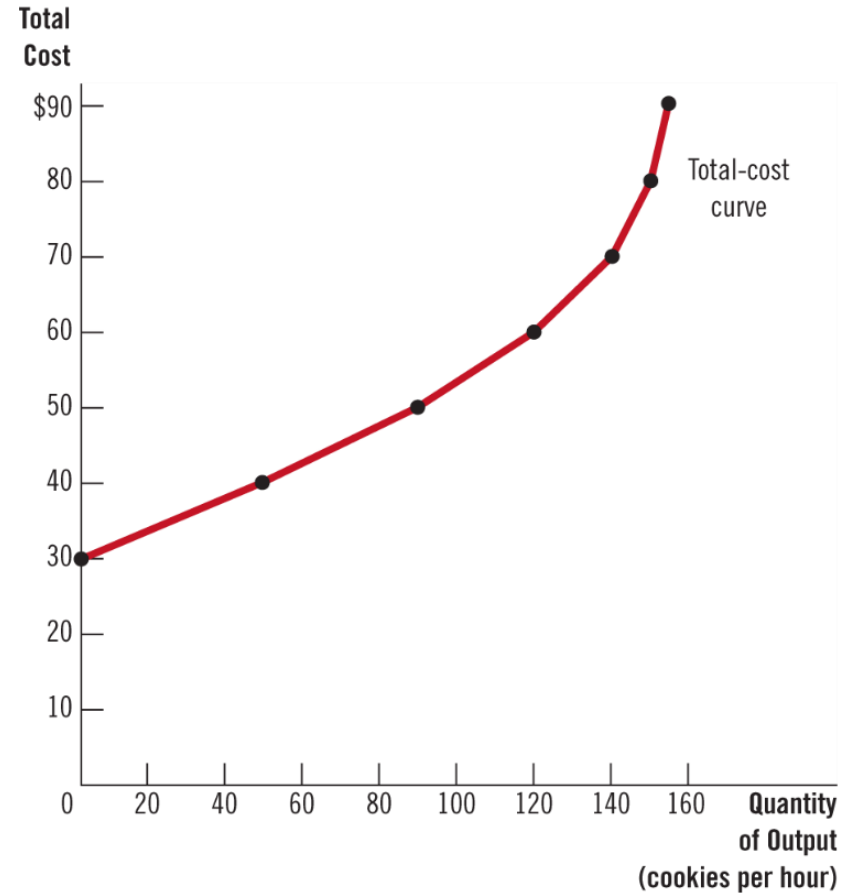
Labor (Number of workers)	Output (Units)	Fixed Cost (Dollars)	Variable Cost (Dollars)	Total Cost (Dollars)
0	0	50	0	50
1	90	50	20	70
2	170	50	40	90
3	230	50	60	110
4	240	50	80	130

Production Function and Total-Cost Curve

(a) Production function



(b) Total-cost curve

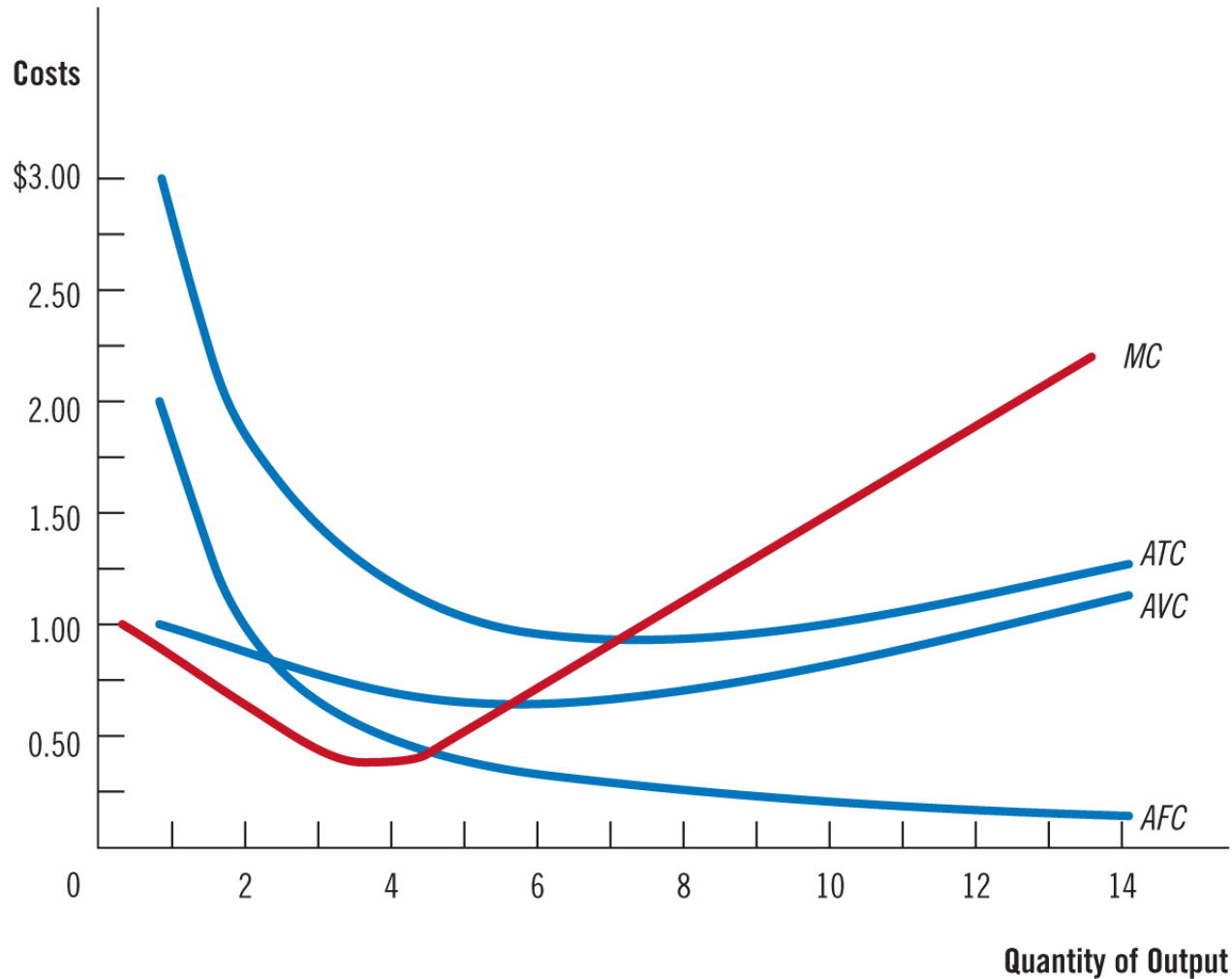


Costs and Marginal Product

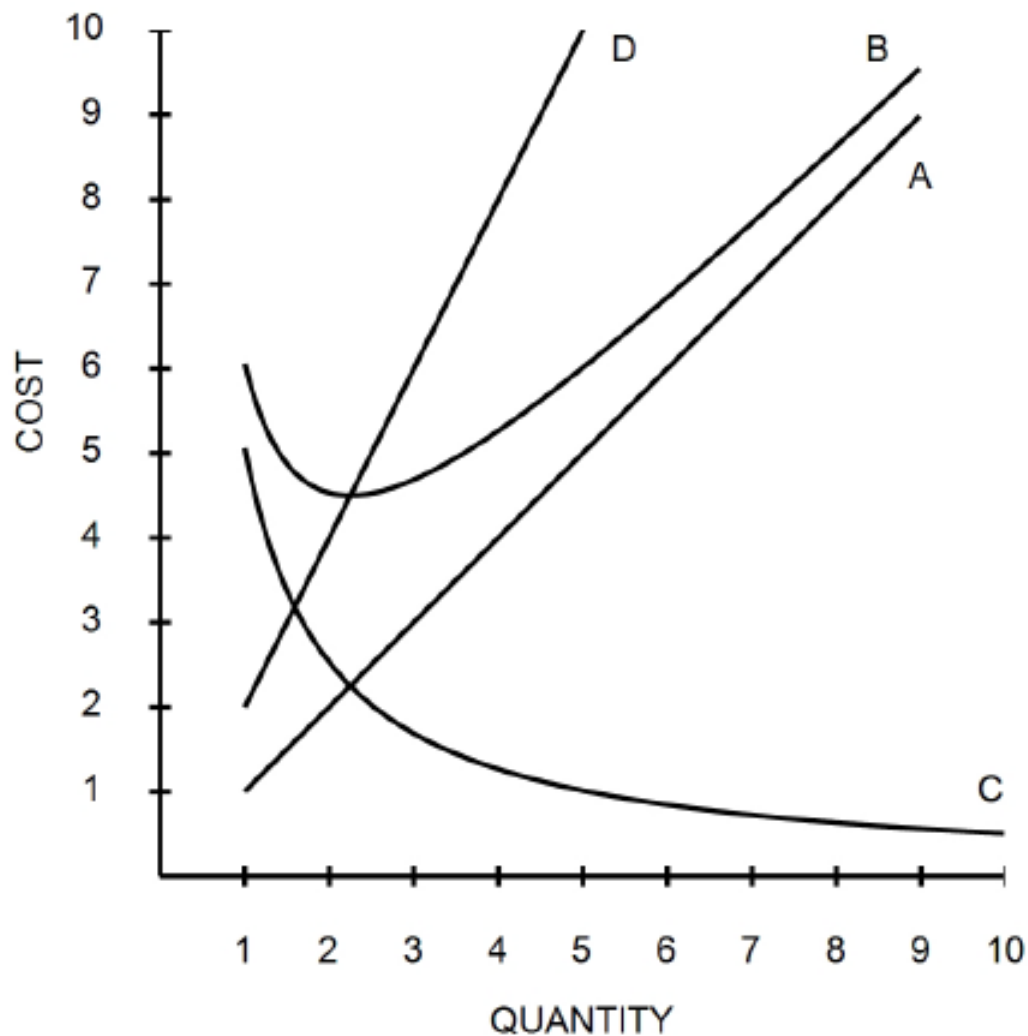
Labor (Number of workers)	Capital (Number of machines)	Output (Chairs produced per hour)	Marginal Product of Labor (Chairs produced per hour)	Cost of Workers (Dollars)	Cost of Machines (Dollars)	Total Cost (Dollars)
1	2	5				
2	2	10				
3	2	20				
4	2	35				
5	2	55				
6	2	70				
7	2	80				

Each worker costs \$12 (VC).
Machine costs \$20 (FC).

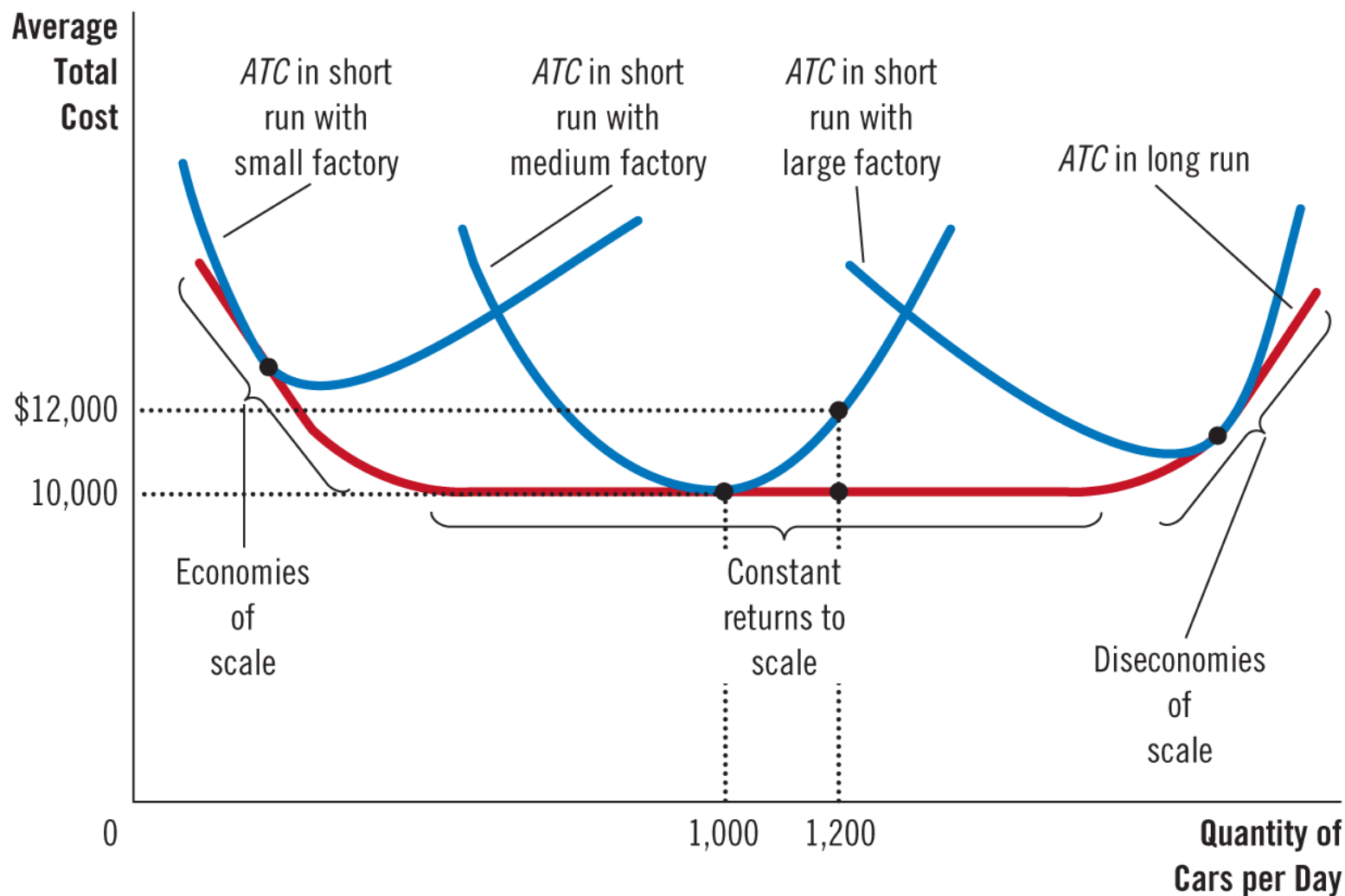
Cost curves



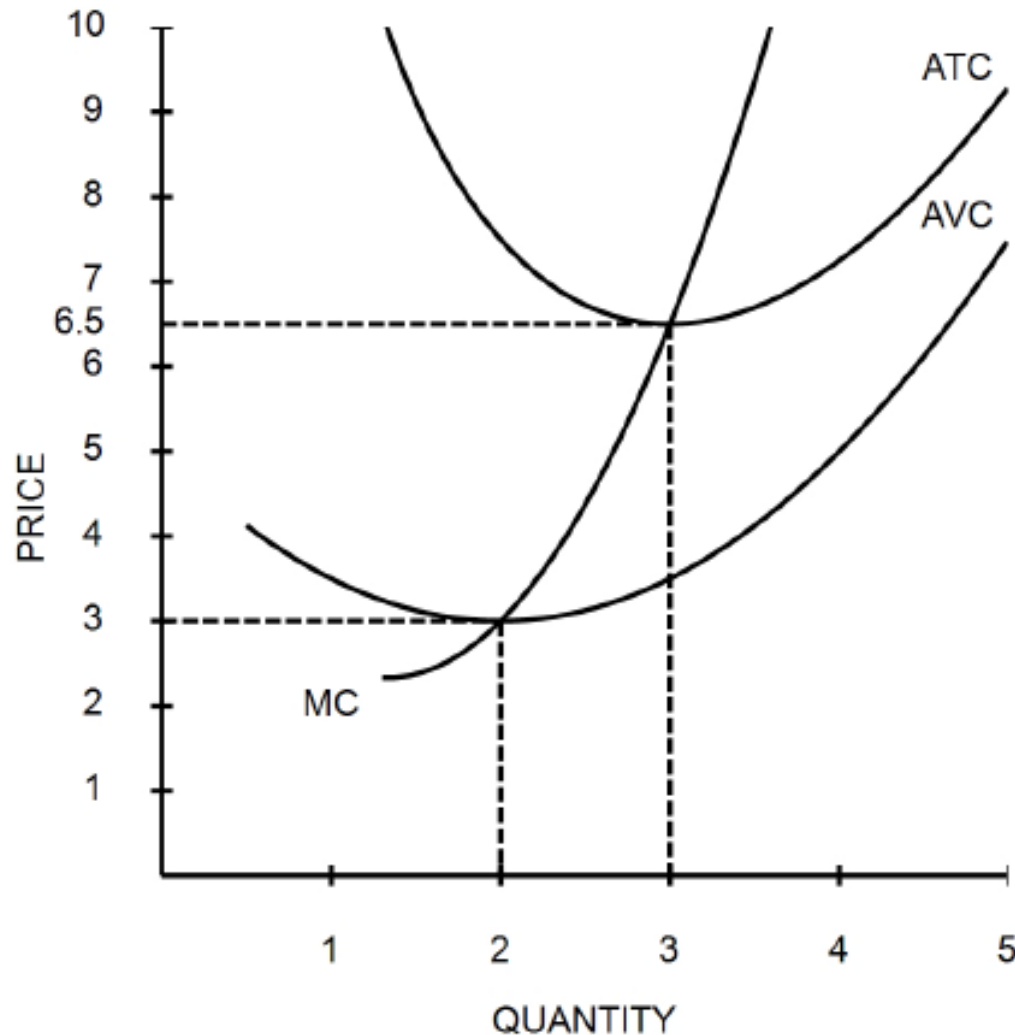
Cost curves



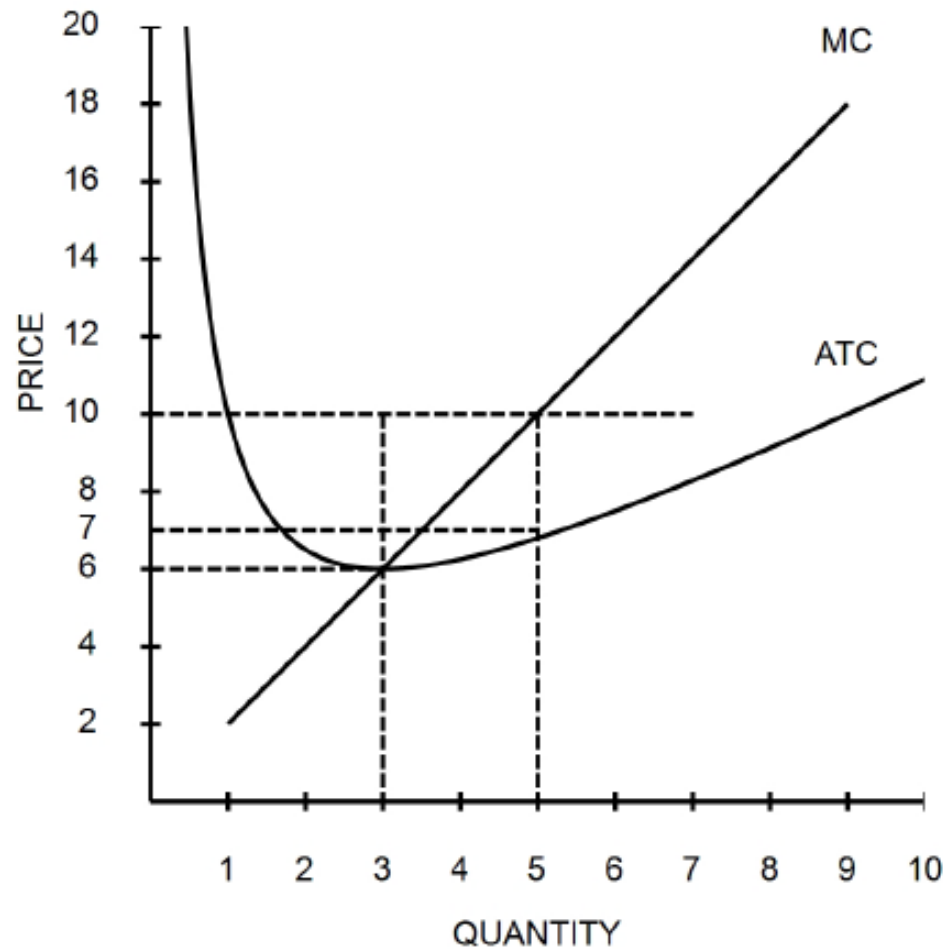
Average Total Cost in Short & Long Runs



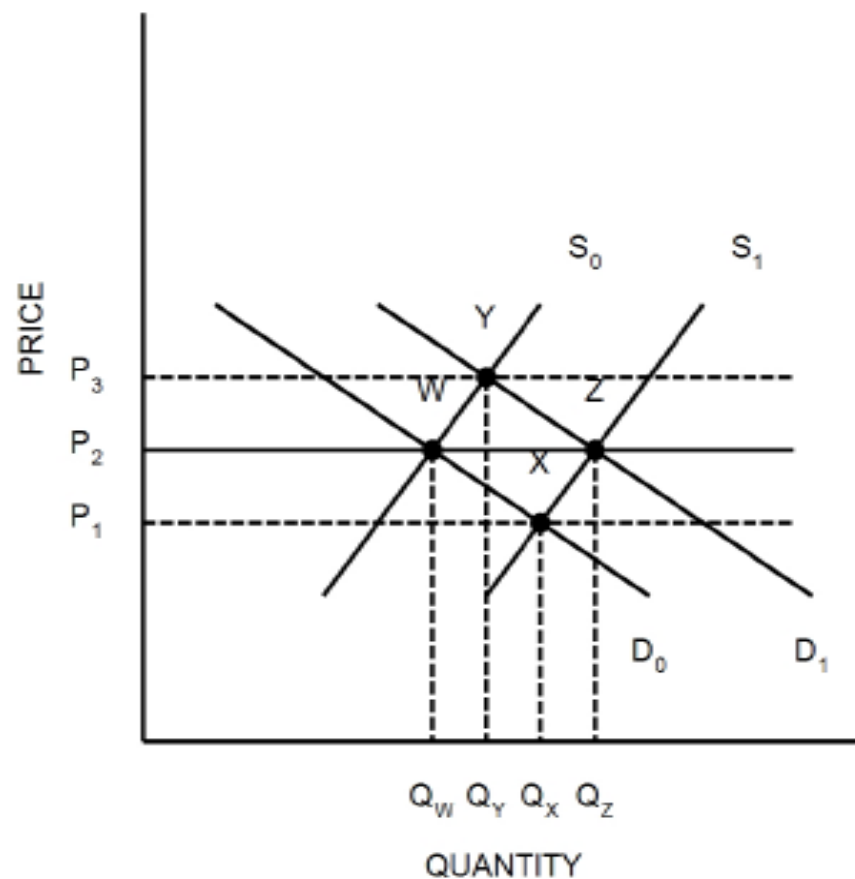
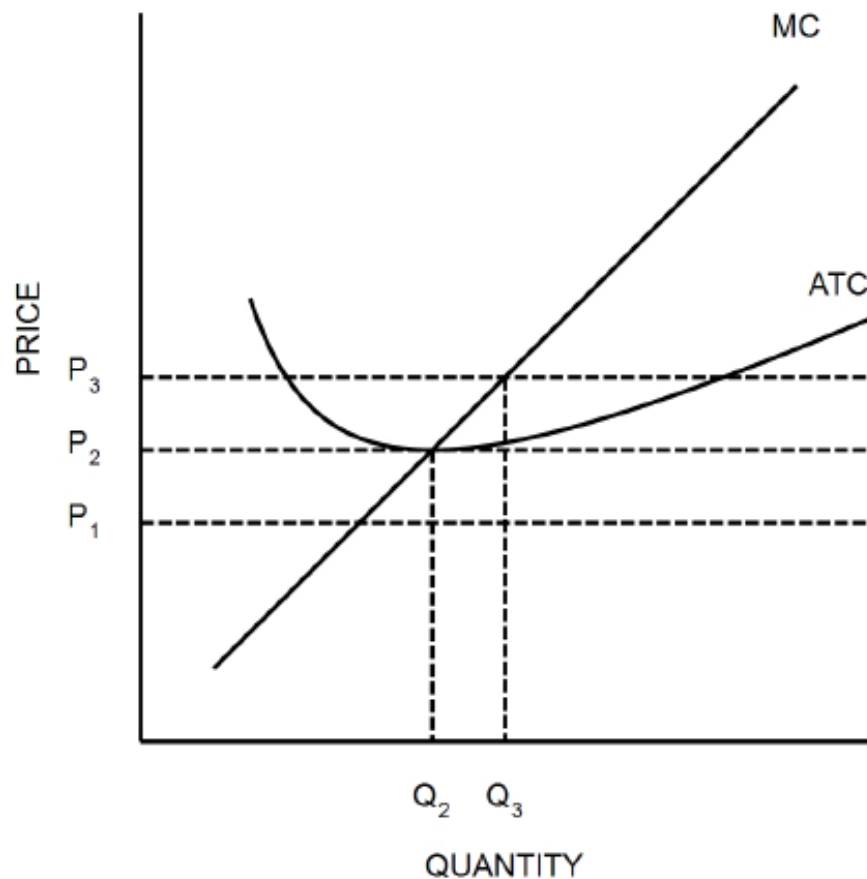
Short-run supply curve



Long-run supply curve



Shock in Demand



Monopolist

