Opportunity Cost

Fixed Costs

    Sunk costs

    Quasi-Fixed Costs

$$C = f + cq = 0 \qquad q > 0 \qquad q = 0$$

Cost Shifters

w = wage
r = price of capital

Demand and Revenue

$q(p)$ demand
$P(q)$ inverse demand

Linear: $q = a - bp$

Log-Linear: $q = ap^3$

Log-linear demand = Constant elasticity

$$q = ap^3$$

$$\ln q = \ln a - 3 \ln p$$