ECONOMICS

1/ Government effect on Market

* Intervene with taxes or subsidies.
* Tax: Change supply curve. ( change in supply != change in quantity supplied).
* Incidence of tax is same whether collected initially from buyers or sellers ( but quantity supplied/ demanded decreases).
* Incidence of subsidy is same whether collected initially from buyers or sellers ( but quantity supplied/ demanded increases).

Total product curve shows max output can be produced with a given input.

Marginal Product of Labour (MPL):

+ MPL = change in total product / change in number of workers employed.

When we increase labours => Increasing marginal returns, then decreasing marginal returns.

Sunk Cost: Paid already, cannot recover, should not affect your decision.

Total cost = total fixed cost + total variable cost

Average total cost(ATC): ATC = TC / Q ( Q is number of outputs, when Q increases, first ATC falls, then rises).

Marginal cost(MC) = delta(TC) / delta(Q).