

Shayan Abbasi NIU: 1596105

Dalia Argudo Barrera NIU: 1627065

Sitti Alisya Masrura NIU: 1615417

Q: Being $m(0) = 30\%$ and $PRO = 1.2$. Is it possible to reduce output price by 10% and to increase salaries by 15%?

Since $PRO \cdot \frac{1-c}{1+w} = 1.2 \left(\frac{0.9}{1.15} \right) = 0.9391 < 1$

It is not feasible to decrease price by 10% and increase salaries by 15%. If the PRO was 1.28, we could have maintained the profitability doing so.