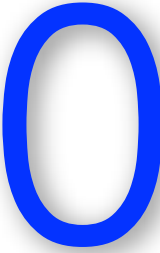

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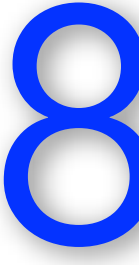

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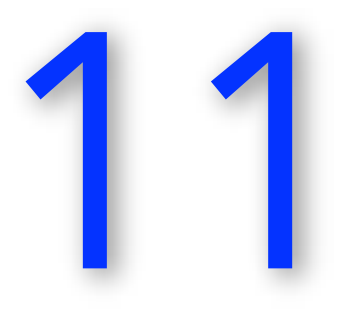
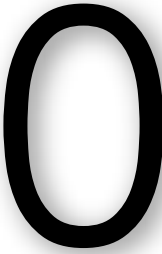




15

30

50

67

82

5

95

107

125

131

Total Product

117

Wage
$50

Assume that labor is the ONLY variable cost and the wage is $50

1 worker = $50

2 workers = $100

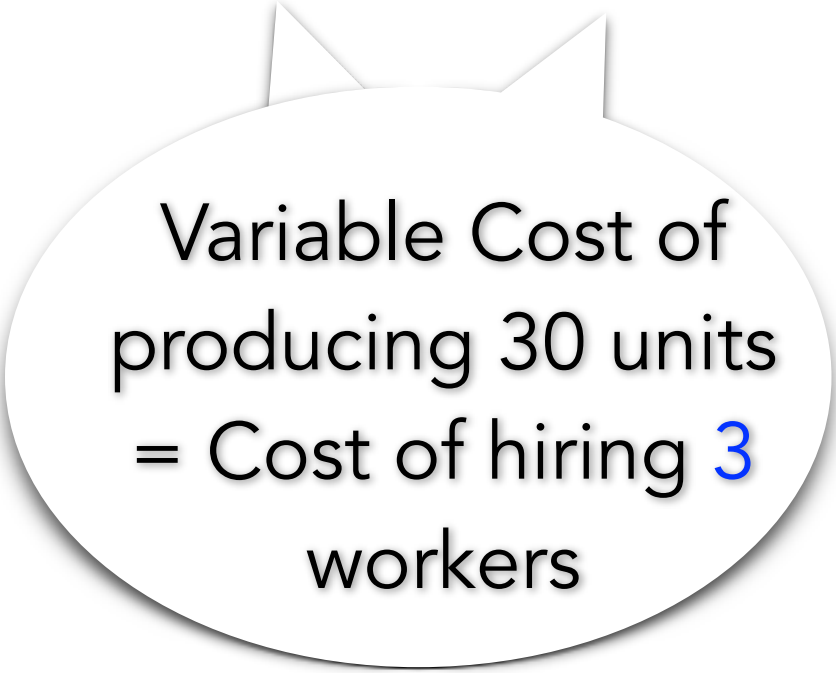
3 workers = $150

Variable Cost

4 workers = $200

Variable Cost of
producing 5 units
= Cost of hiring
one worker

Variable Cost of producing 15 units = Cost of hiring two workers


Variable Cost of producing 30 units = Cost of hiring 3 workers

Variable Cost
0
50
100
150
200
250
300
350
400
450
500
550

0 workers = 0

5 workers = $250

6 workers = $300

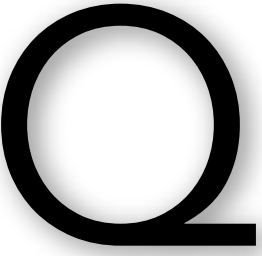
7 workers = $350

8 workers = $400

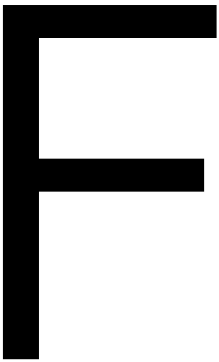
9 workers = $450

10 workers = $500

11 workers = $550



From the Production Function to the Cost Function



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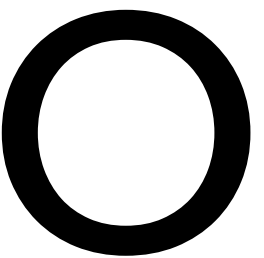

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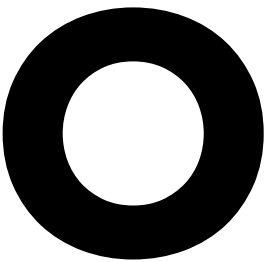

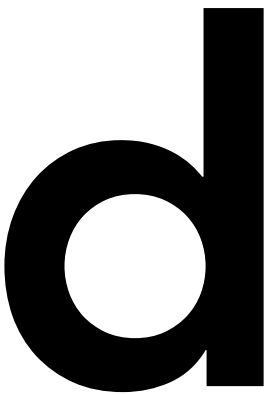

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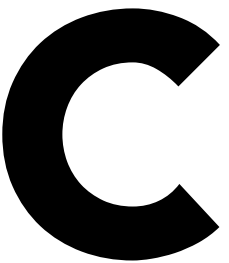

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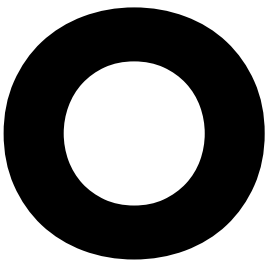

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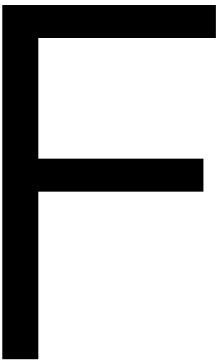

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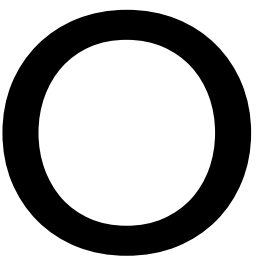

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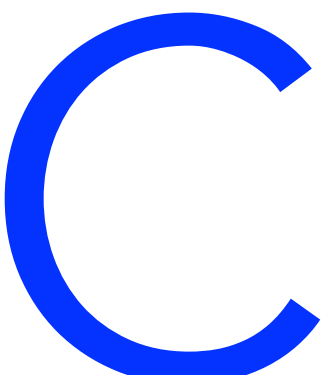

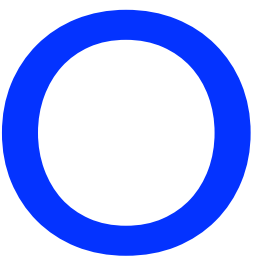

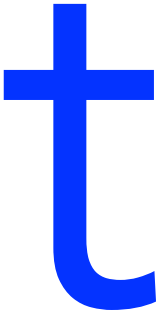

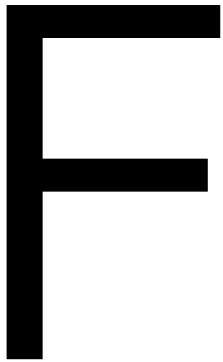

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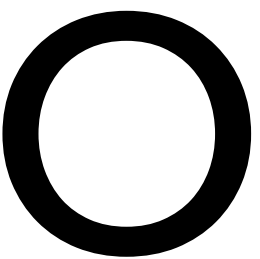

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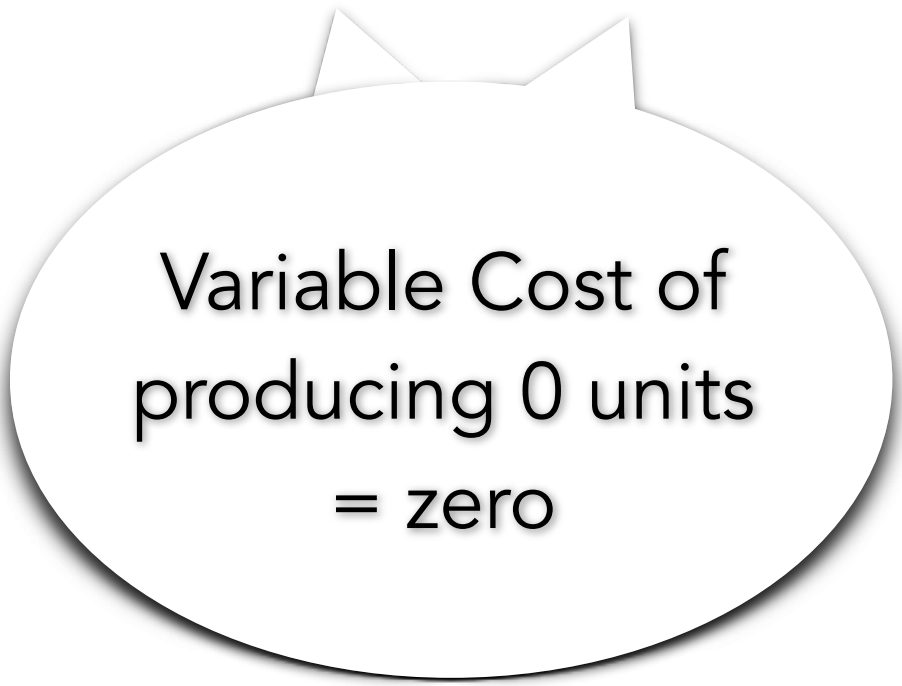
Variable Cost of
producing 0 units
= zero

From the **Production** Function to the Cost Function

From the **Production** Function to the Cost Function

Q	Variable Cost
0	0
5	50
15	100
30	150
50	200
67	250
82	300
95	350
107	400
117	450
125	500
131	550

Wage
$50

Q
0
5
15
30
50
67
82
95
107
117
125
131

VC	
0	
50	
100	
150	
200	
250	
300	
350	
400	
450	
500	
550	