





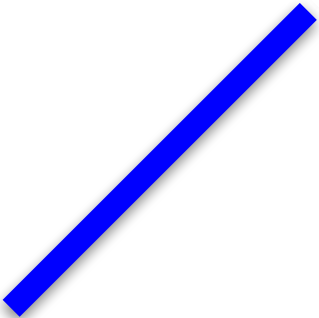


Total Revenue

# Total Costs







$$\text{Slope of TC} = \text{Slope of TR}$$



MC = MR

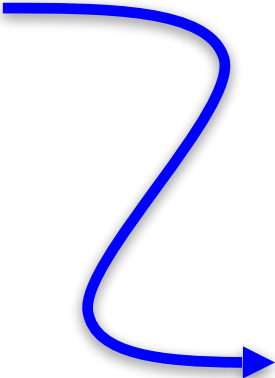
$\Delta TR$



$\Delta Q$

[REDACTED]

[REDACTED]





M

a





m

u

m





P



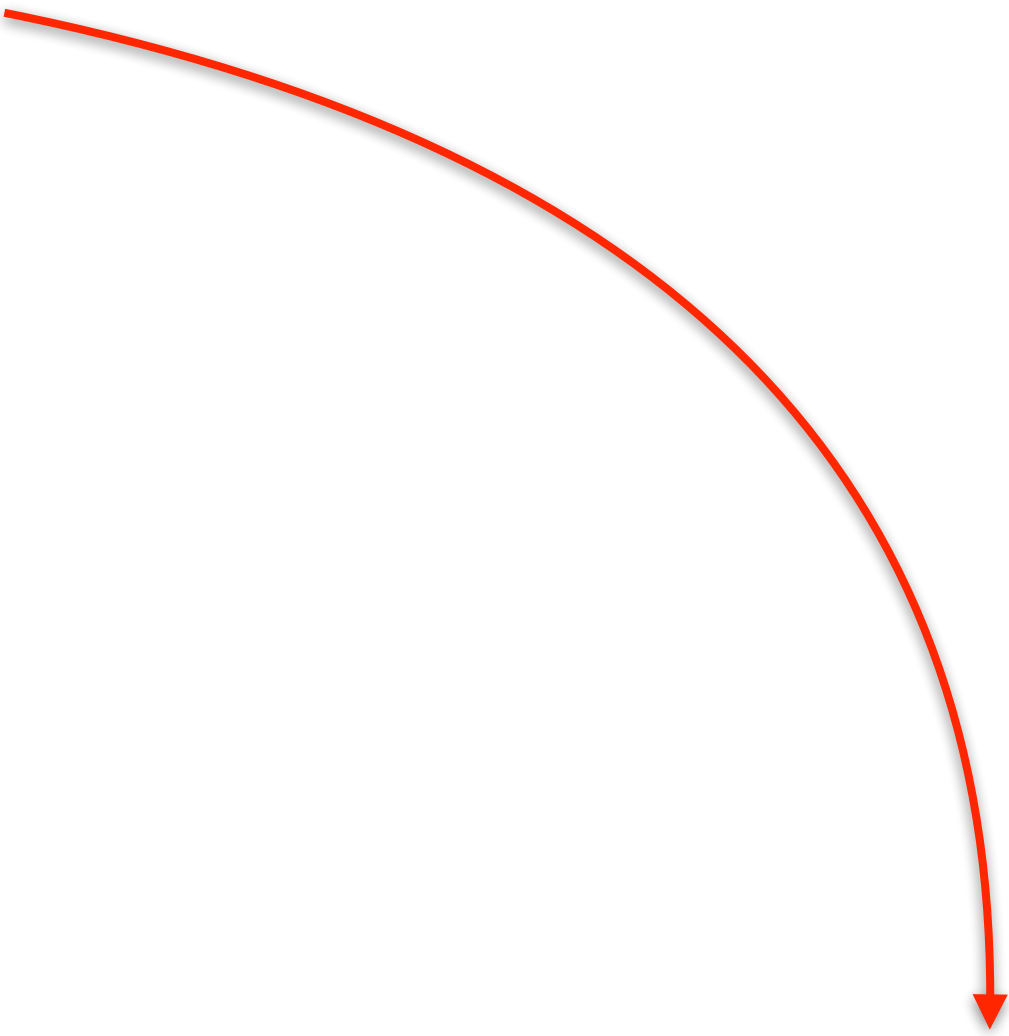




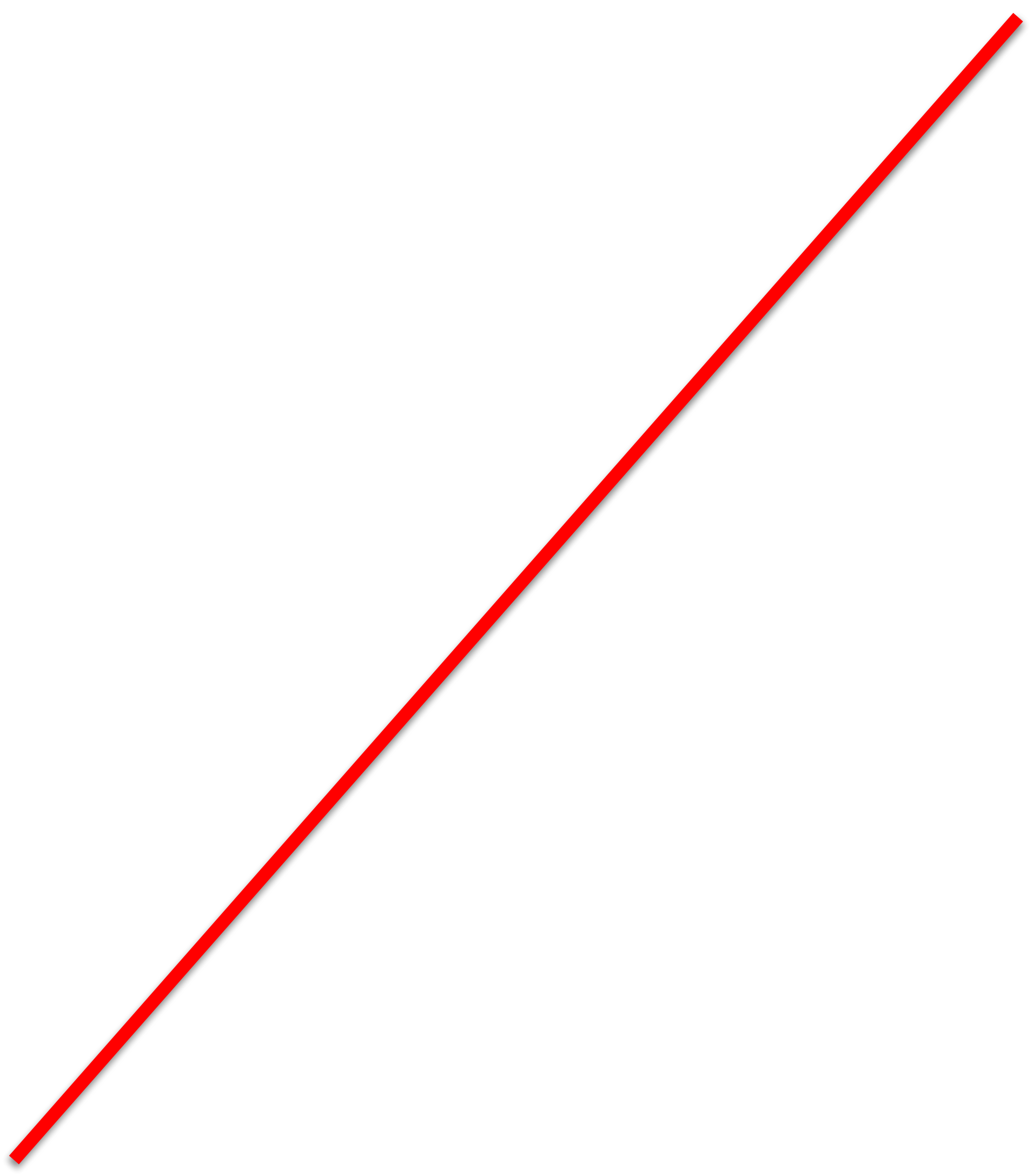




$$\frac{\Delta TC}{\Delta Q}$$



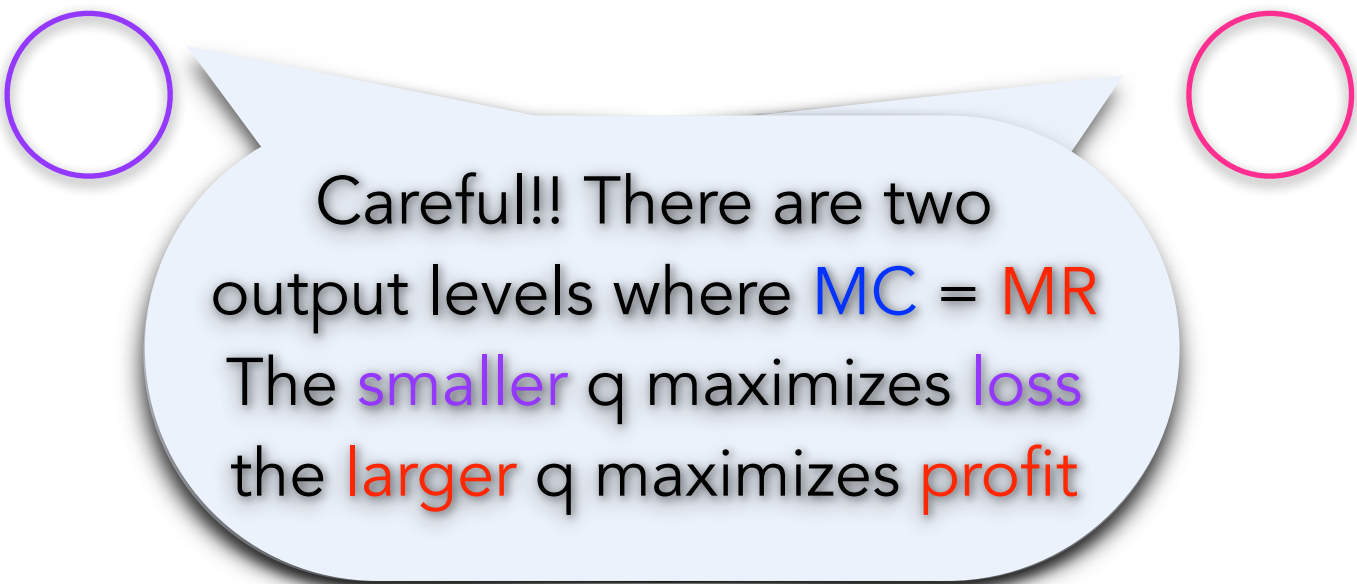




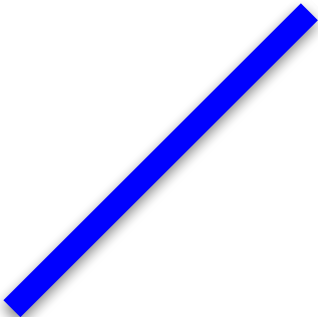


TR, TC

Output



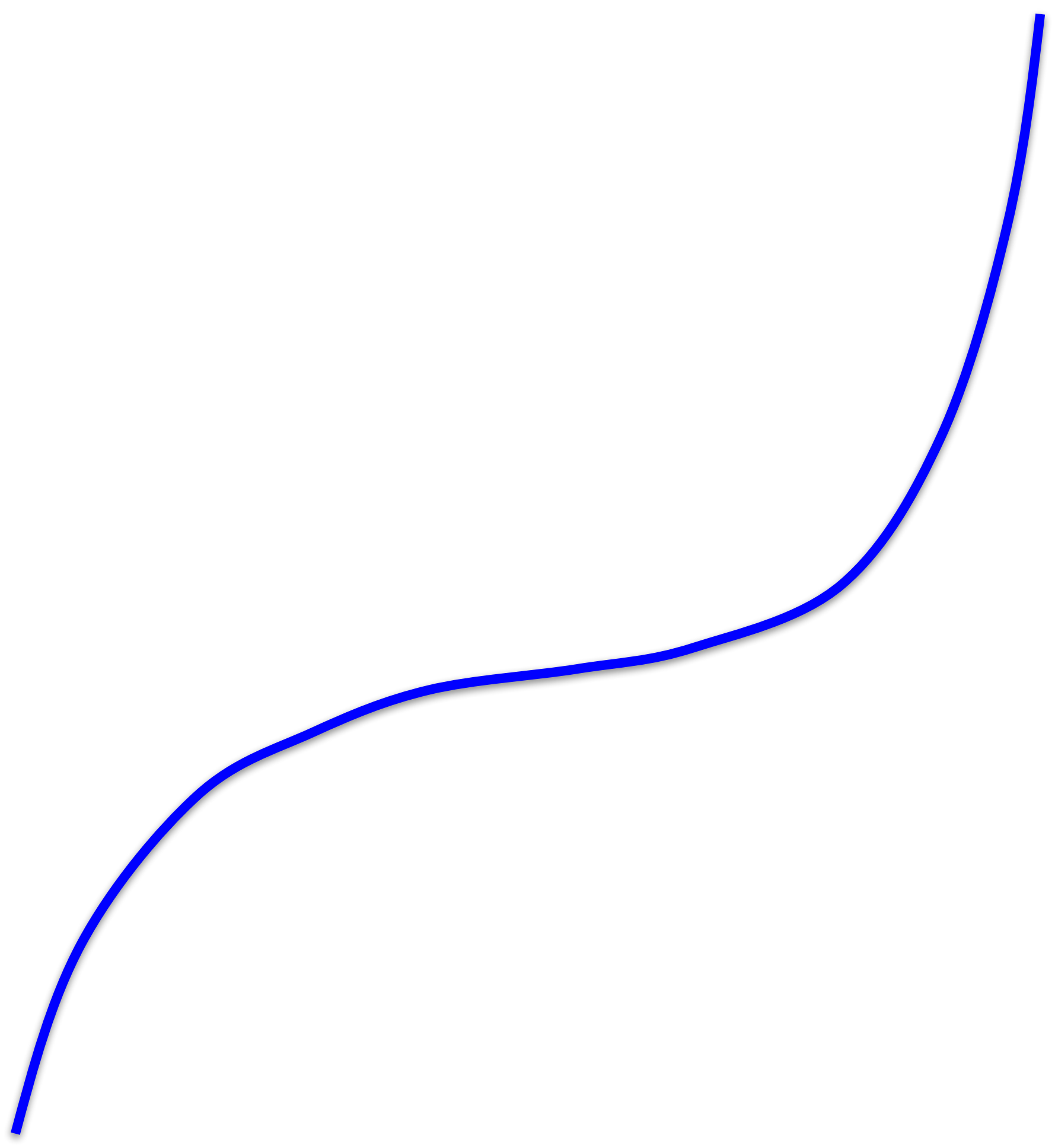
Careful!! There are two  
output levels where  $MC = MR$   
The smaller  $q$  maximizes loss  
the larger  $q$  maximizes profit







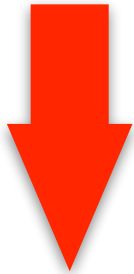




# Maximum Loss

Maximum Profit

Economic Profit



Largest Distance between TR and TC



To find the **Largest** Distance  
between **TR** and TC find the output  
where the **TR** and TC have the **same**  
**slope**

$$MC = MR$$



Economic Loss



Maximum Profit

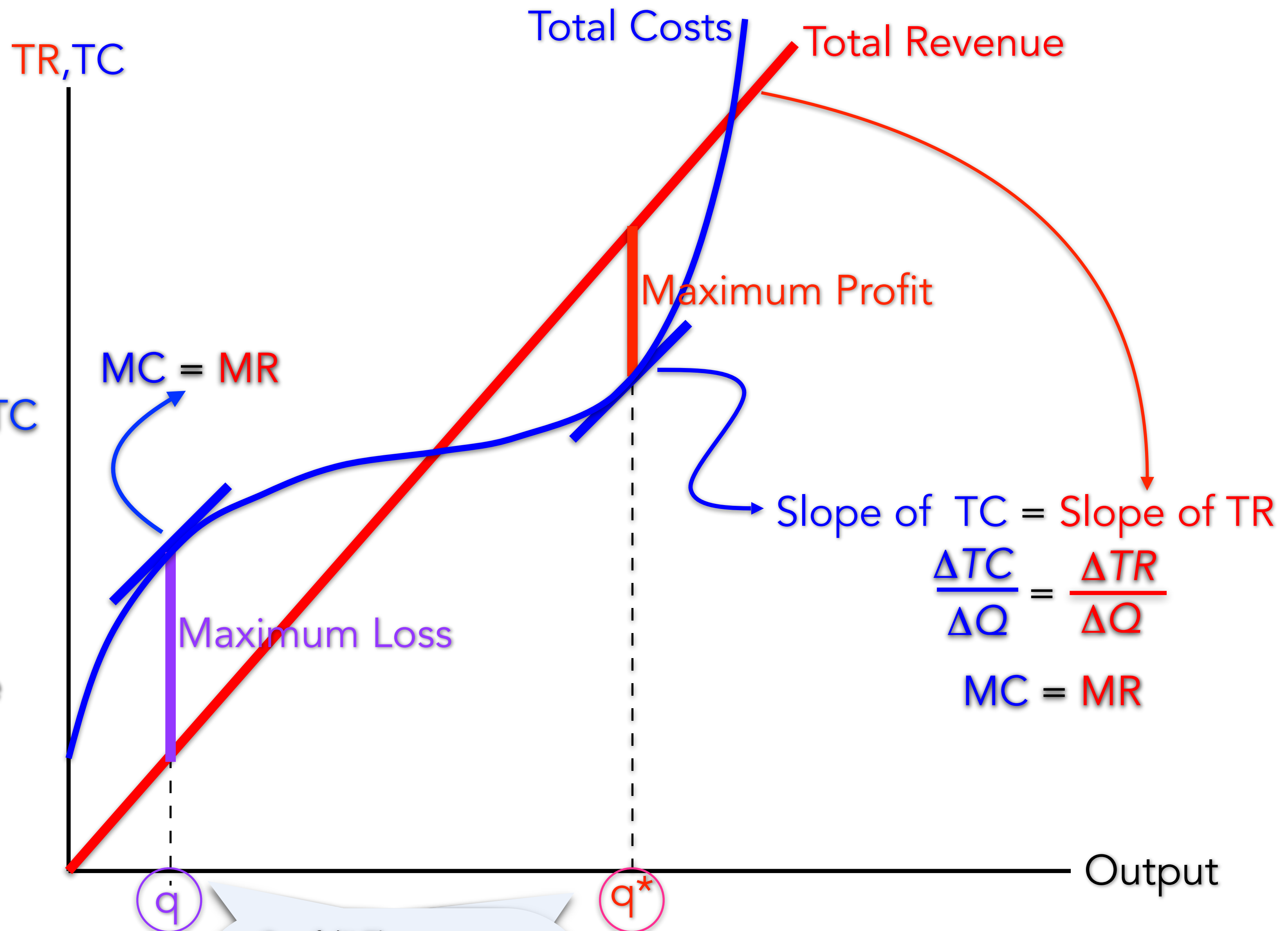
Maximum Profit

↓

Largest Distance between TR and TC

↓

To find the Largest Distance between TR and TC find the output where the TR and TC have the same slope



Careful!! There are two output levels where  $MC = MR$   
 The smaller q maximizes loss  
 the larger q maximizes profit

TR, TC, VC

Output