Production, Inputs, and Cost: Building Blocks for Supply Analysis

Chapter Introduction

- 7-1 The Economic Short Run Versus the Economic Long Run
- 7-2 Production, Input Choice, and Cost with One Variable Input
 - 7-2a Total, Average, and Marginal Physical Products
 - 7-2b Marginal Physical Product and the "Law" of Diminishing
 Marginal Returns
 - 7-2c The Optimal Quantity of an Input and Diminishing Returns
- 7-3 <u>Multiple Input Decisions: The Choice of Optimal Input</u>

 <u>Combinations</u>
 - 7-3a Substitutability: The Choice of Input Proportions
 - 7-3b The Marginal Rule for Optimal Input Proportions
 - 7-3c Changes in Input Prices and Optimal Input Proportions

There Important Concepts to Learn