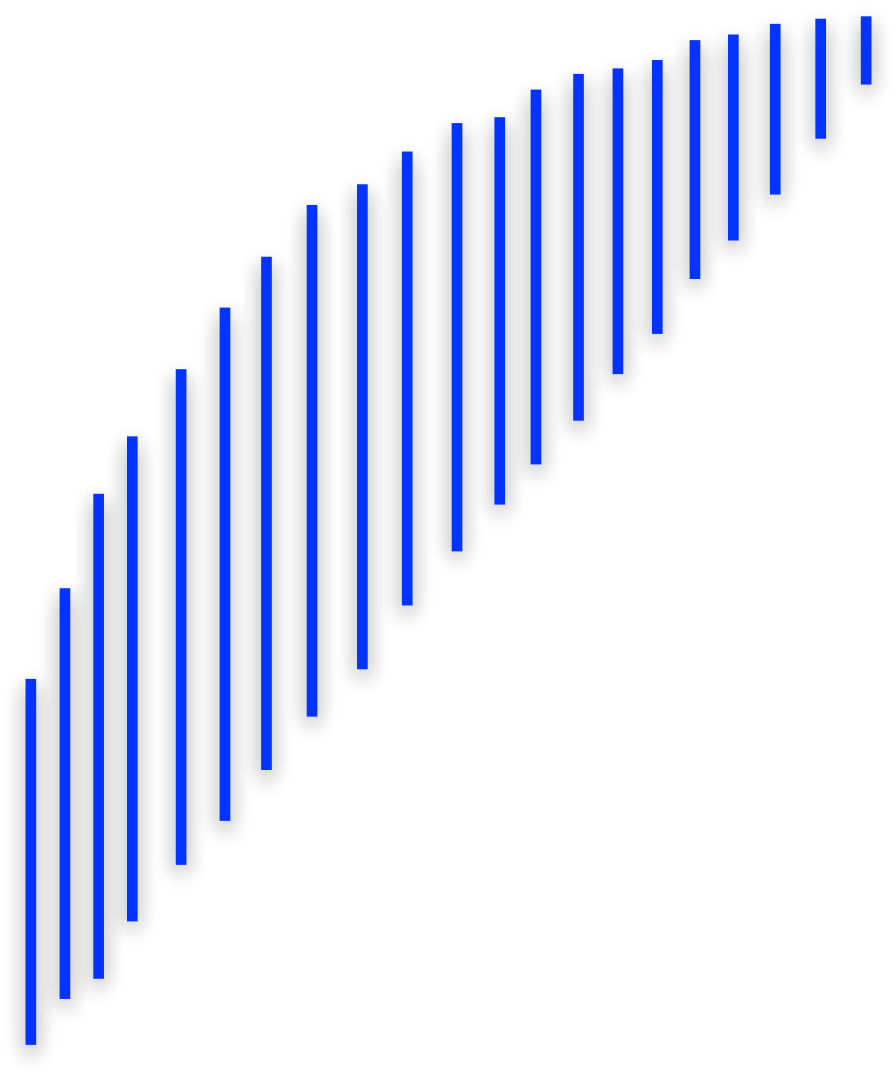
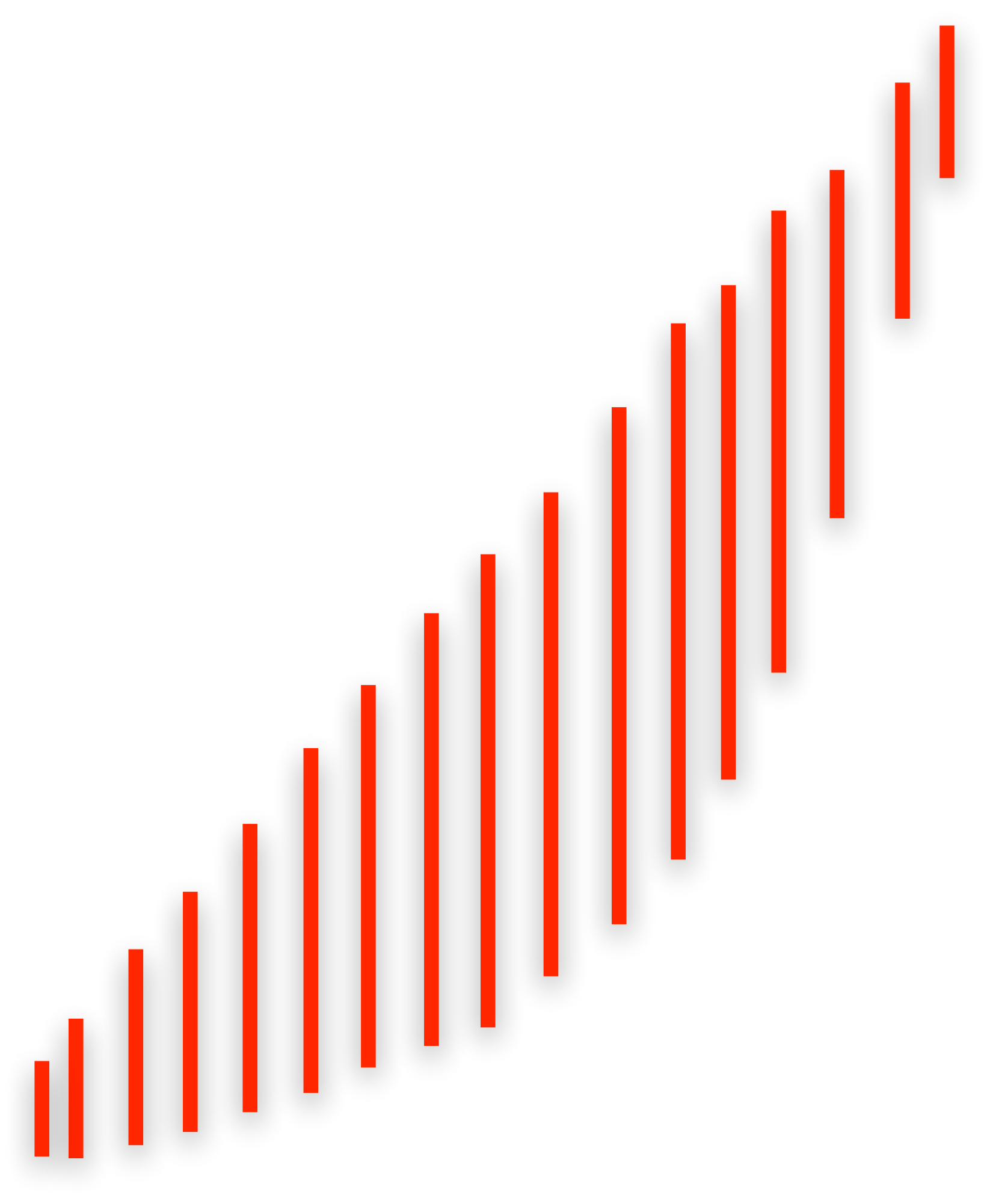
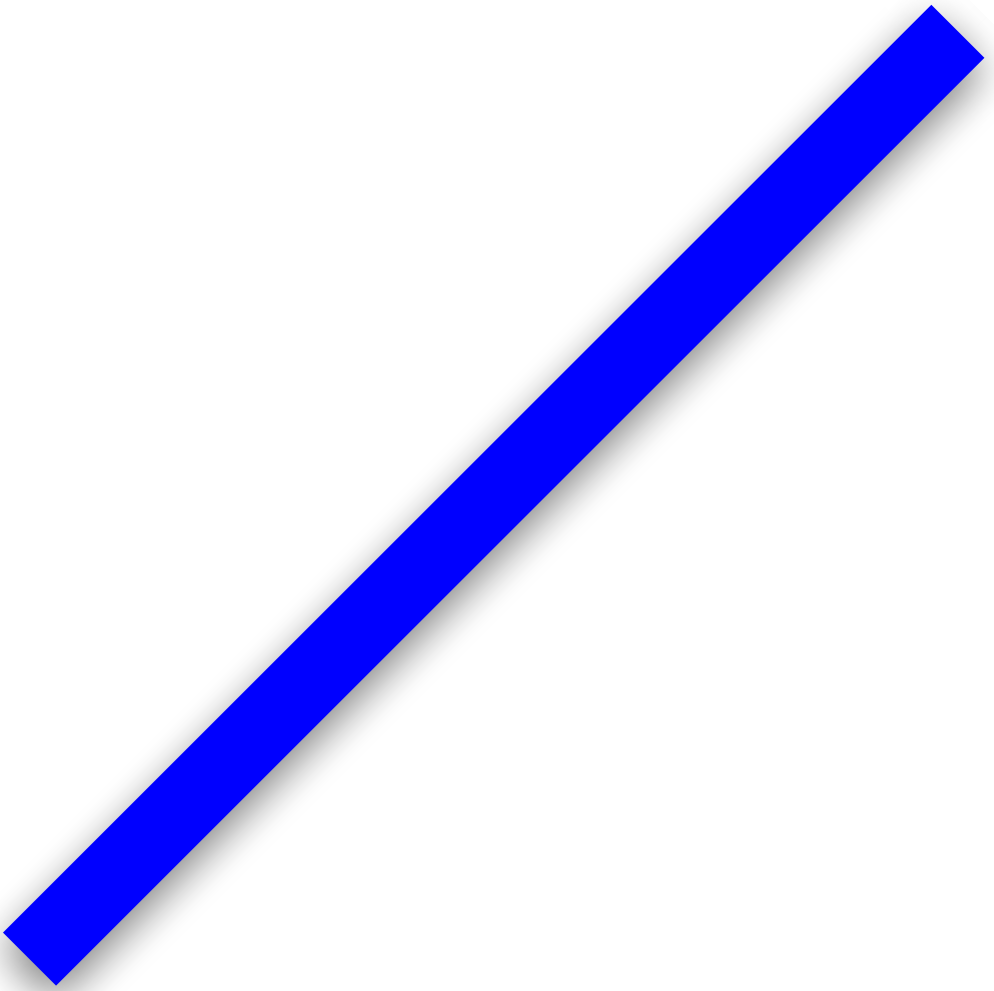




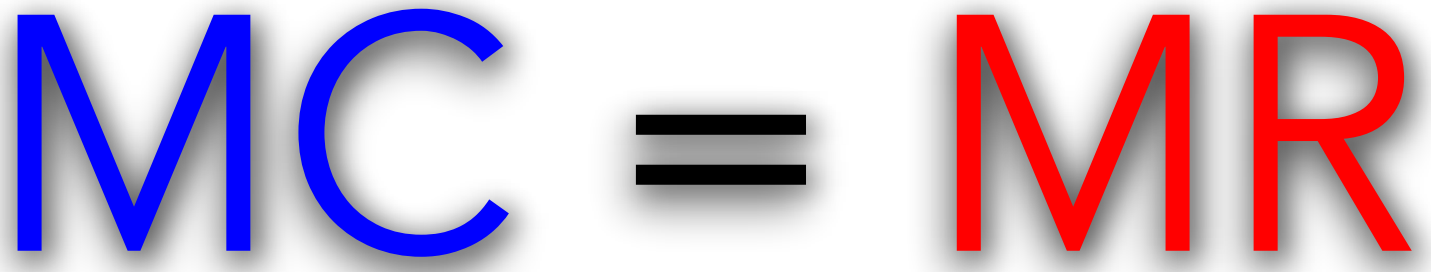
Total Revenue

Total Costs

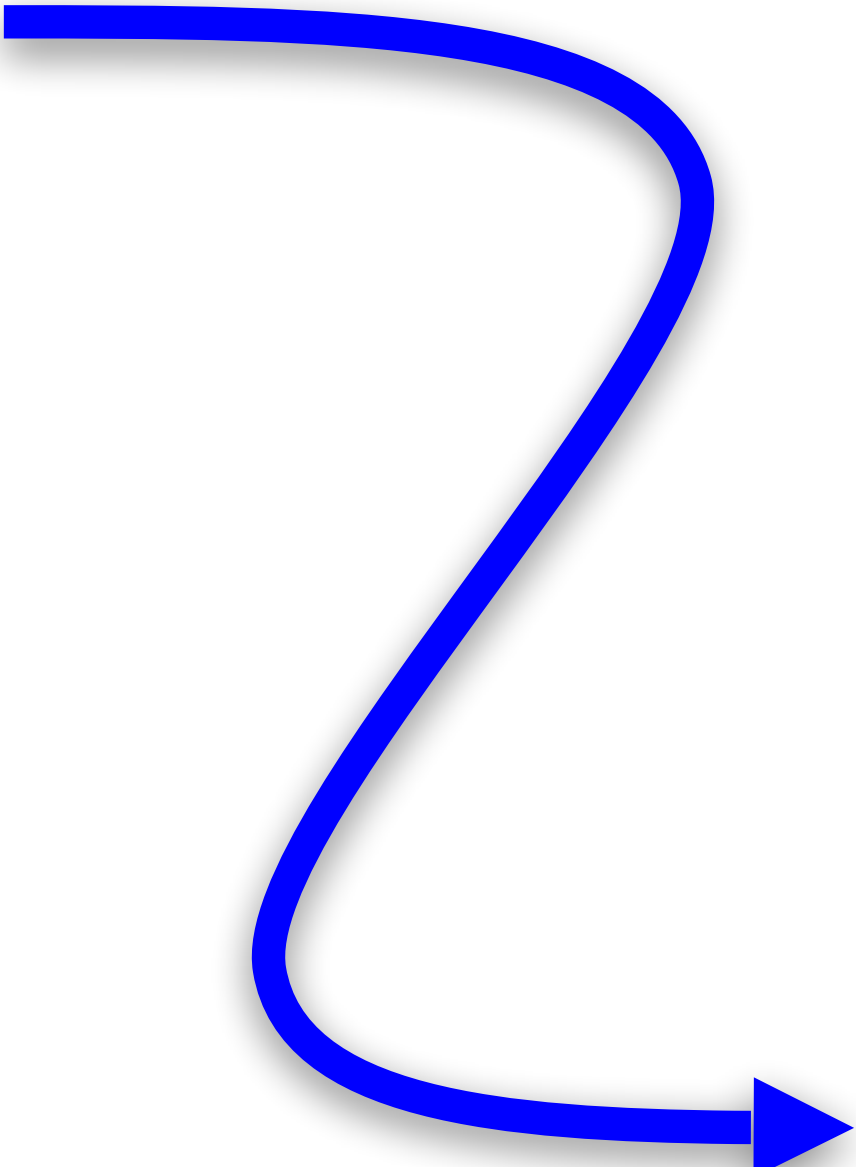


Slope of TC = Slope of TR


q*

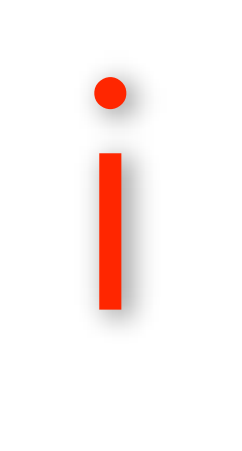

MC = MR


ΔTR
ΔQ

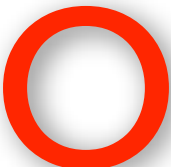


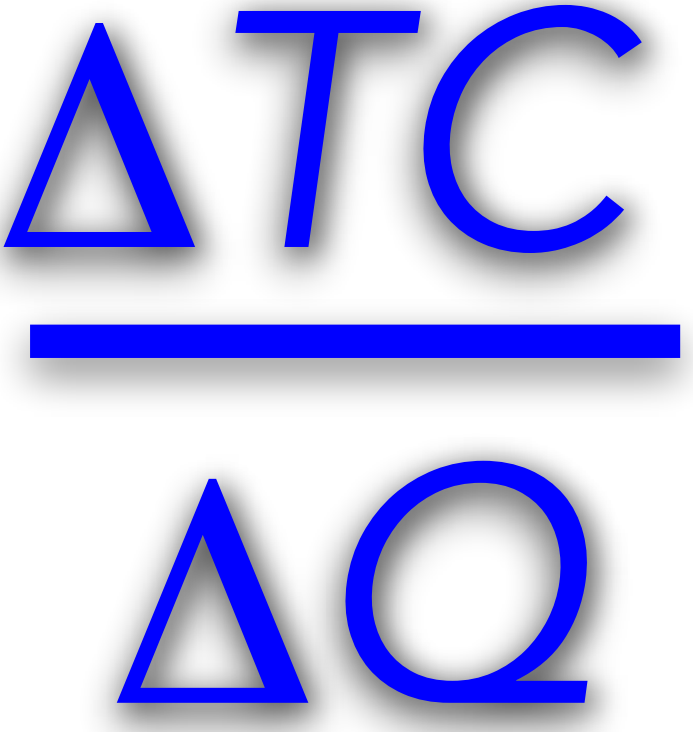

M

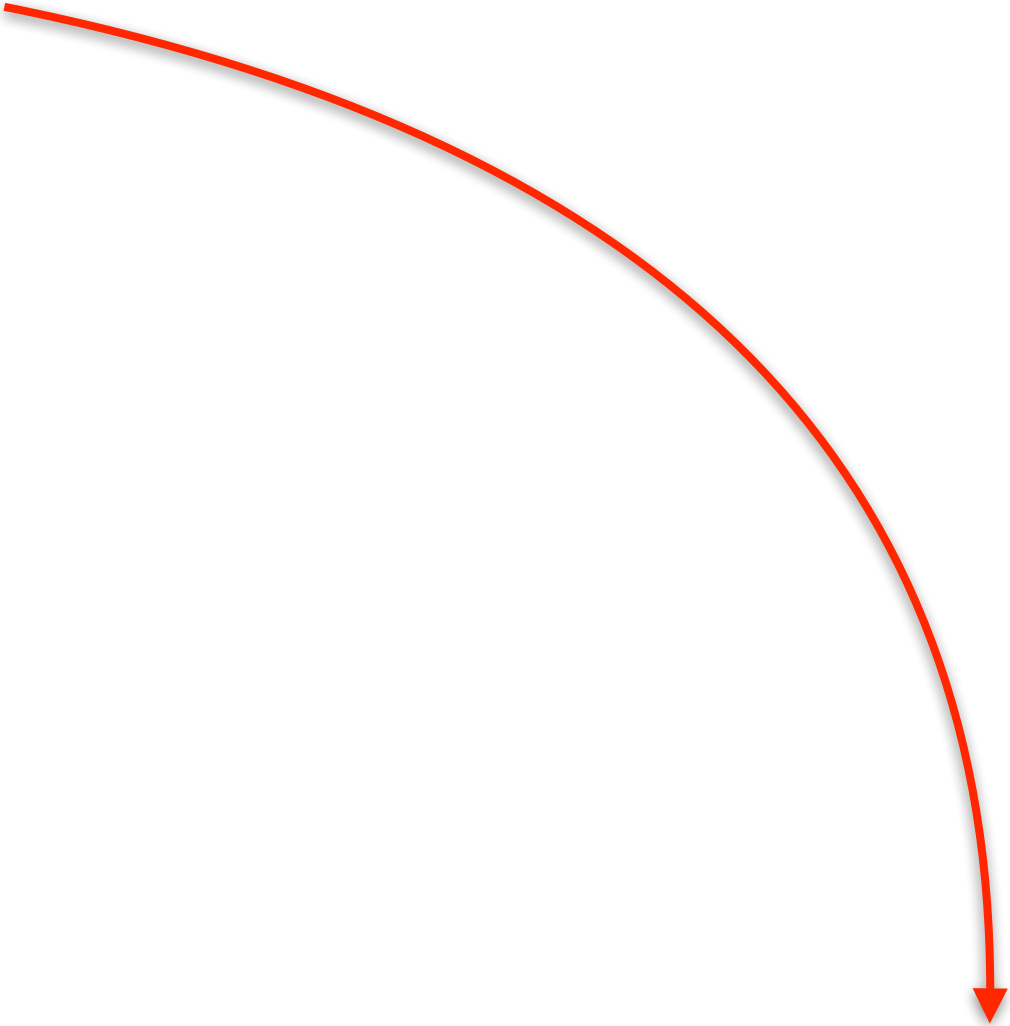

a



P



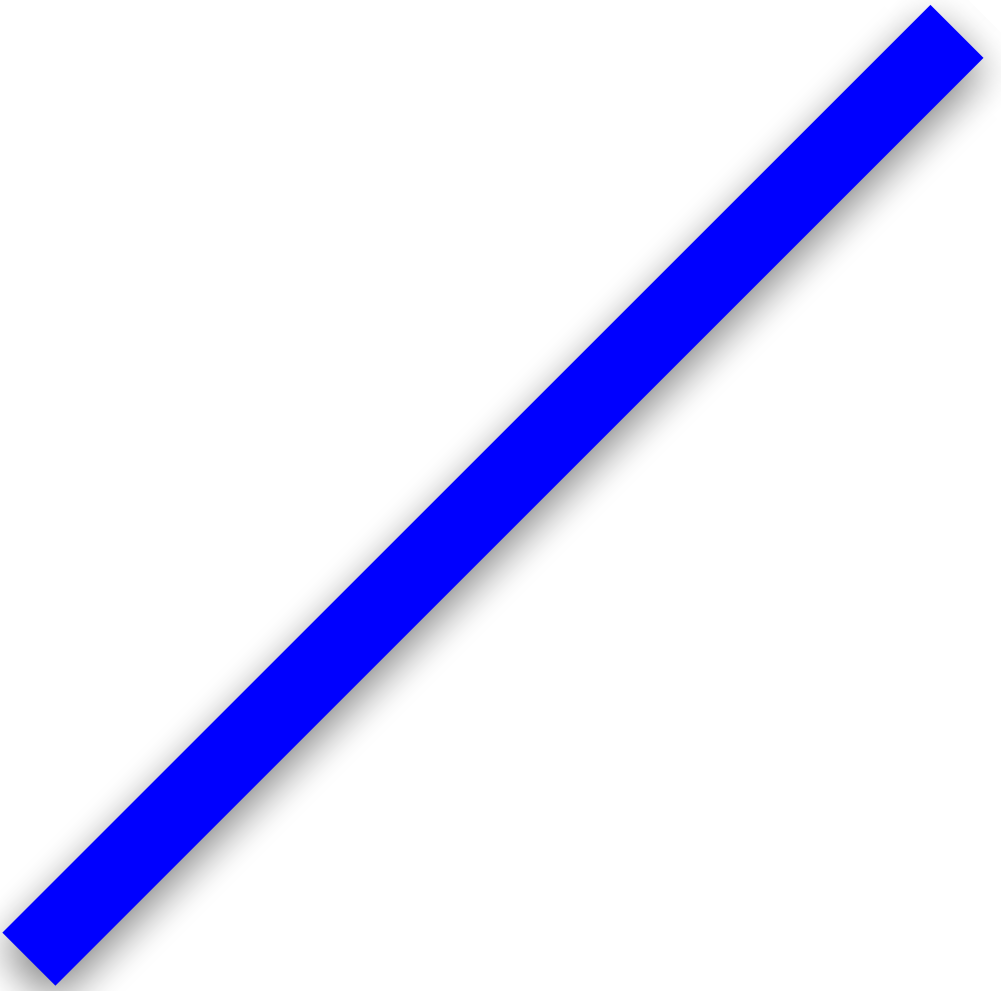

ΔTC
ΔQ

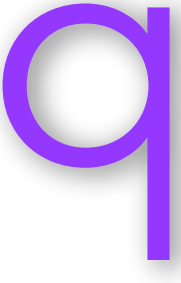


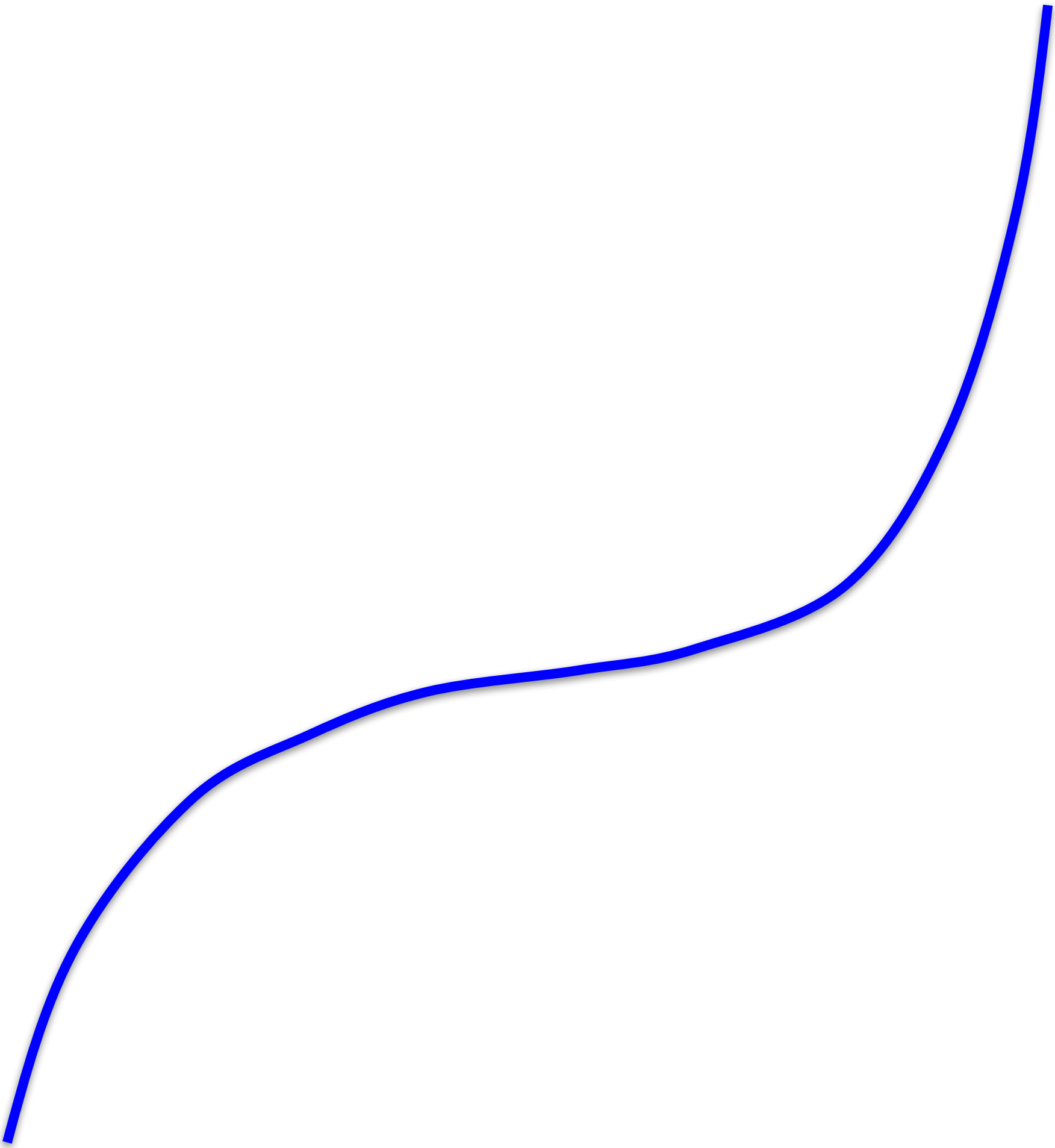

TR,TC

Output

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

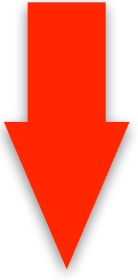




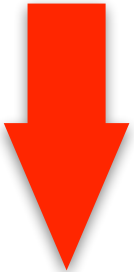


Maximum Loss

Maximum Profit



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

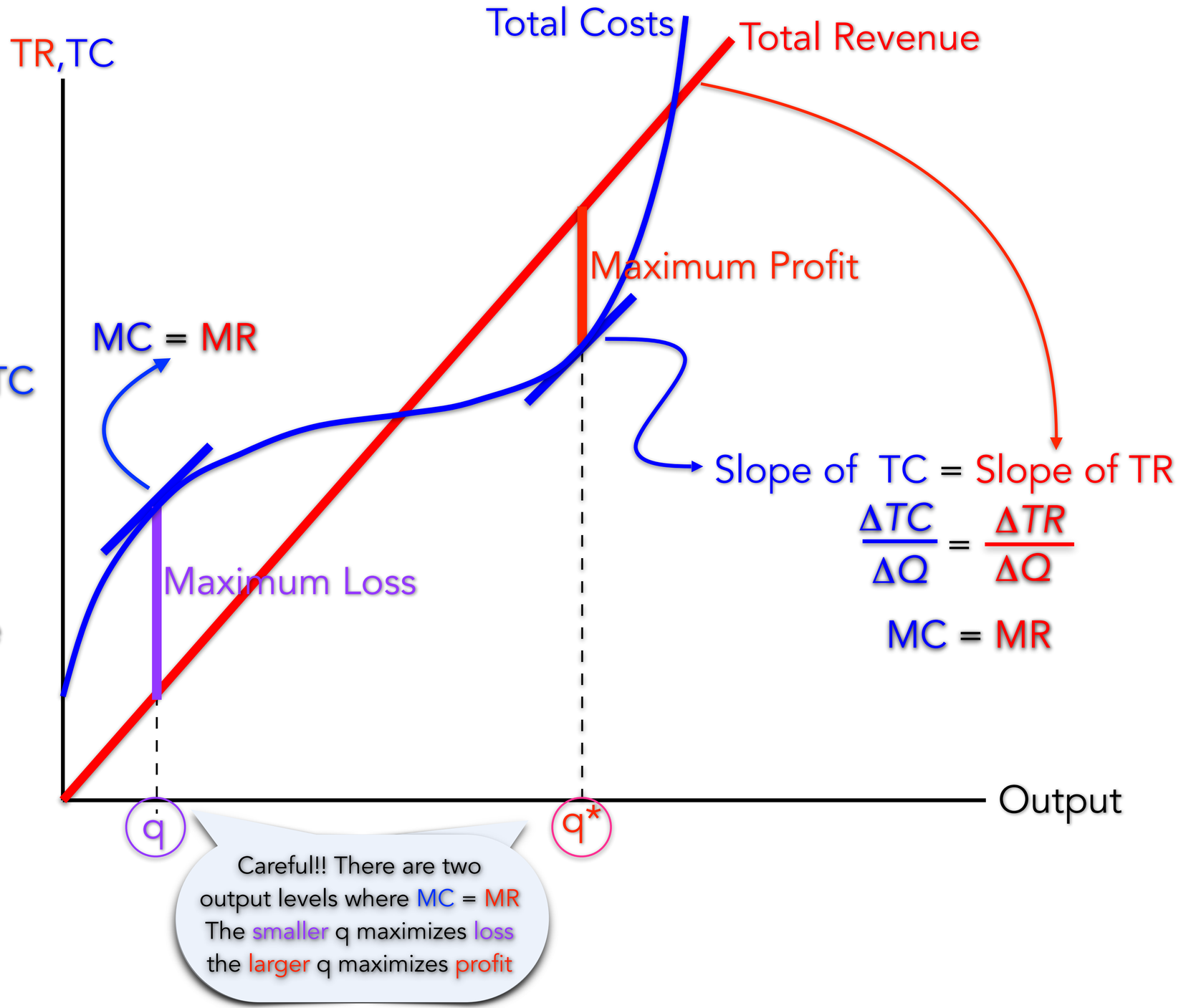
MC = MR

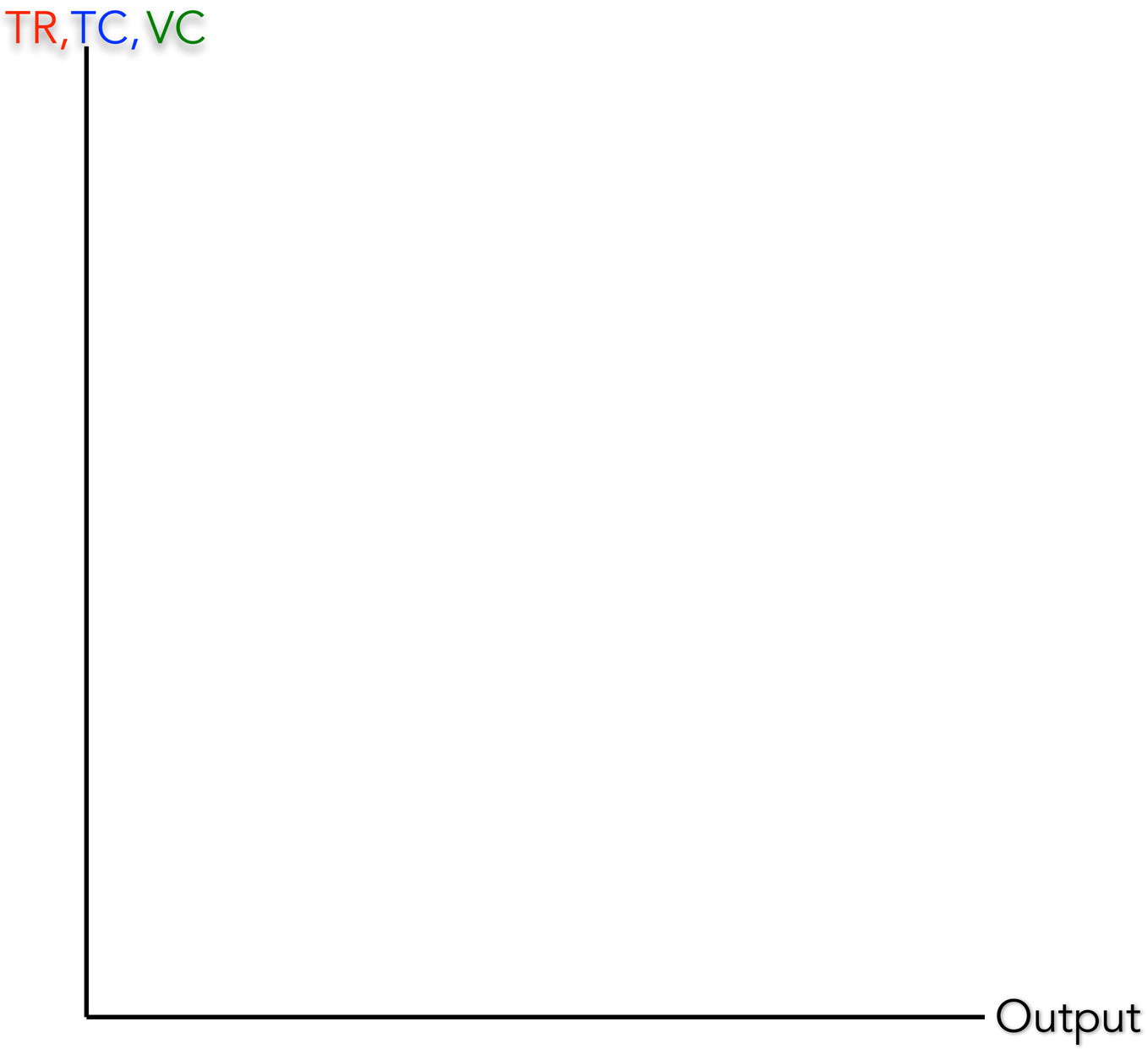
Maximum Profit

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




TR, TC, VC
Output