



Total Revenue = \$140,000 Explicit Costs = 100,000



Leo's
Time

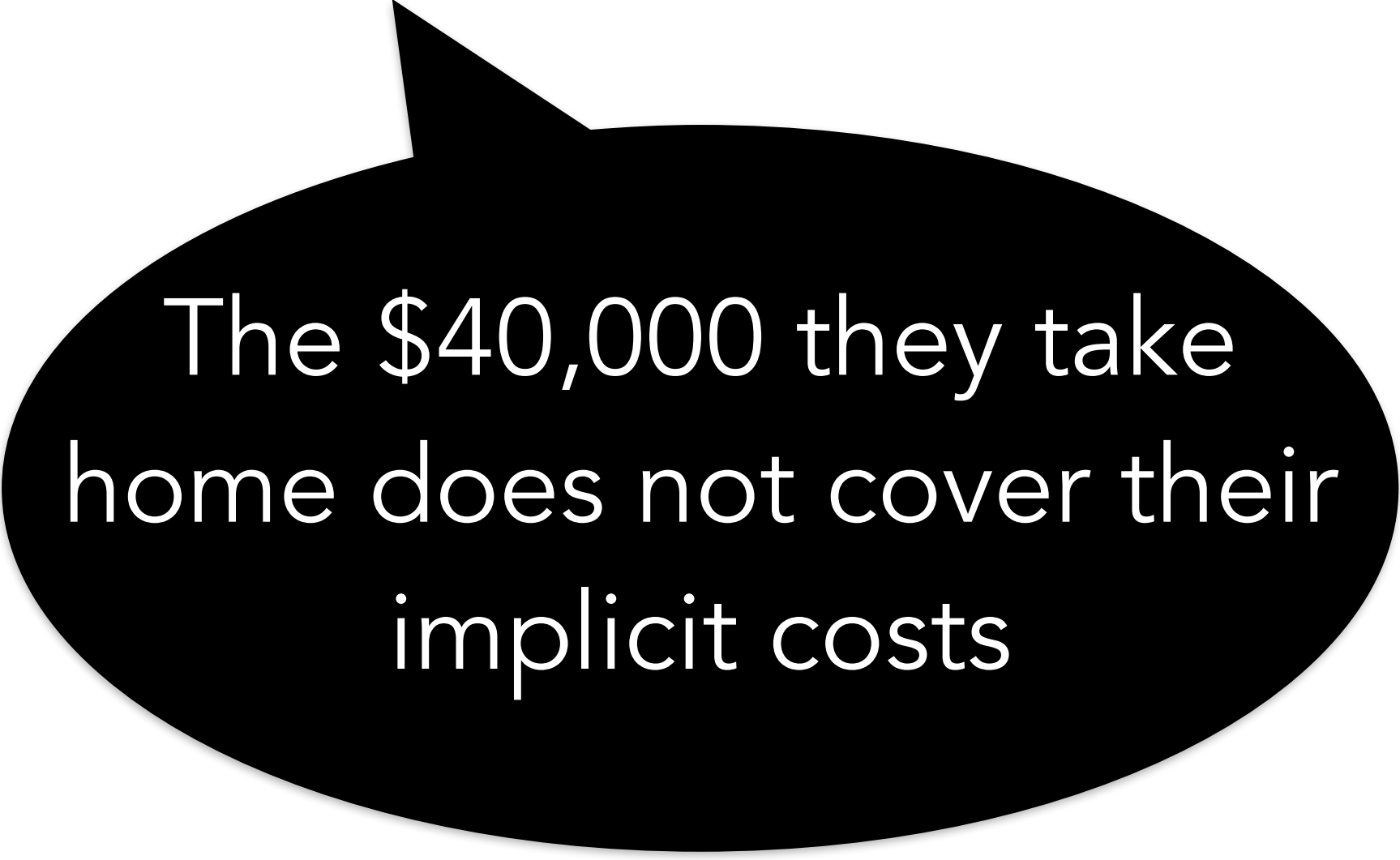
Winston's
Money

Jose's
Land




Implicit Costs
\$137,000

$$\text{Economic Profit} = 140,000 - 100,000 - 137,000 = -97,000$$



The \$40,000 they take
home does not cover their
implicit costs



If they un-tie their
resources they take home
\$137,000

Economic Profit = $TR - \text{Explicit Costs} - \text{Implicit Costs}$

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They suffer an Economic Loss = -97,000

Winston's
Money

Leo's
Time

Jose's
Land

Implicit Costs
\$137,000

If they un-tie their
resources they take home
\$137,000

The \$40,000 they take
home does not cover their
implicit costs

They should not stay in business
They suffer an **Economic Loss = -97,000**

