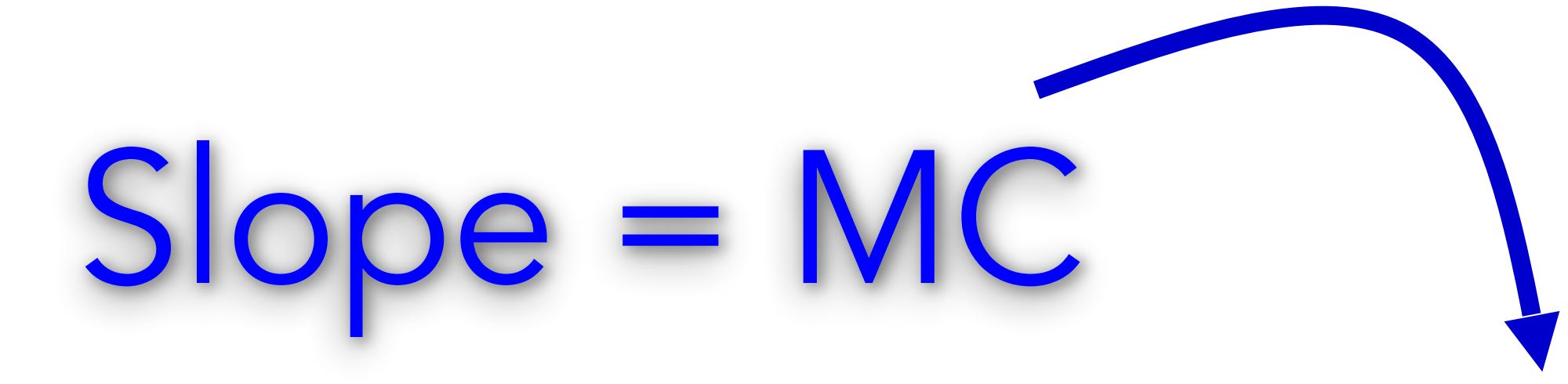
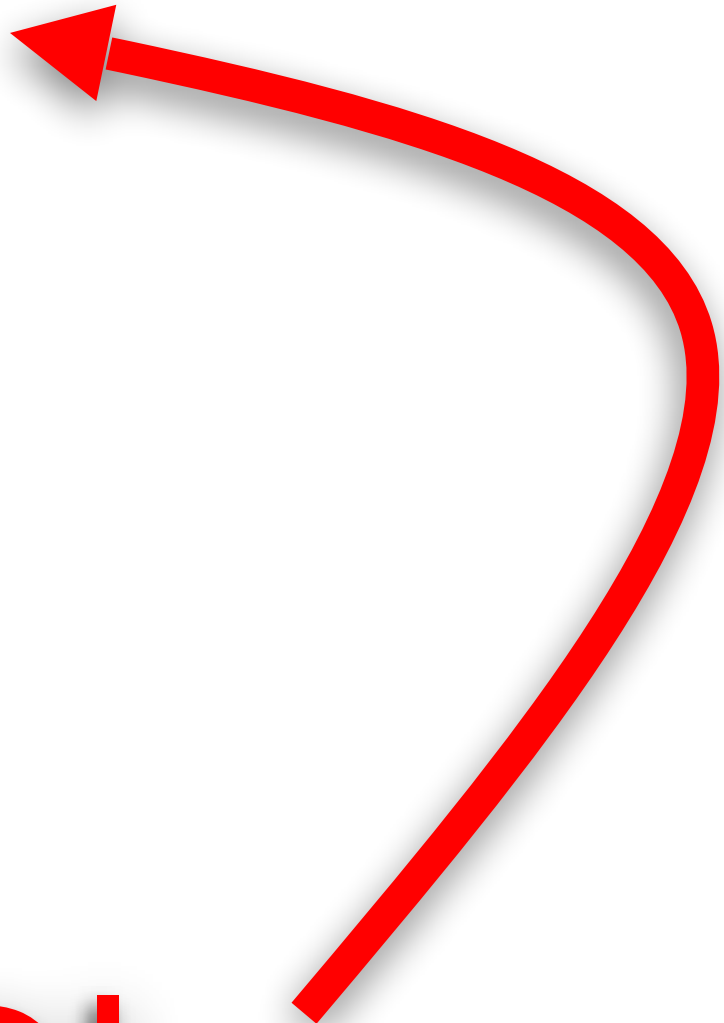
TR

TC


Slope = MC

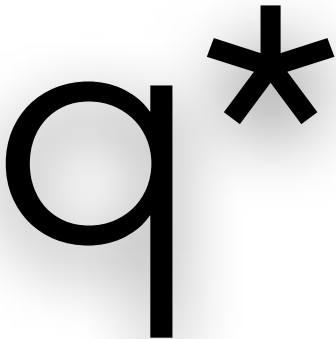


Slope = MR

Loss

Loss

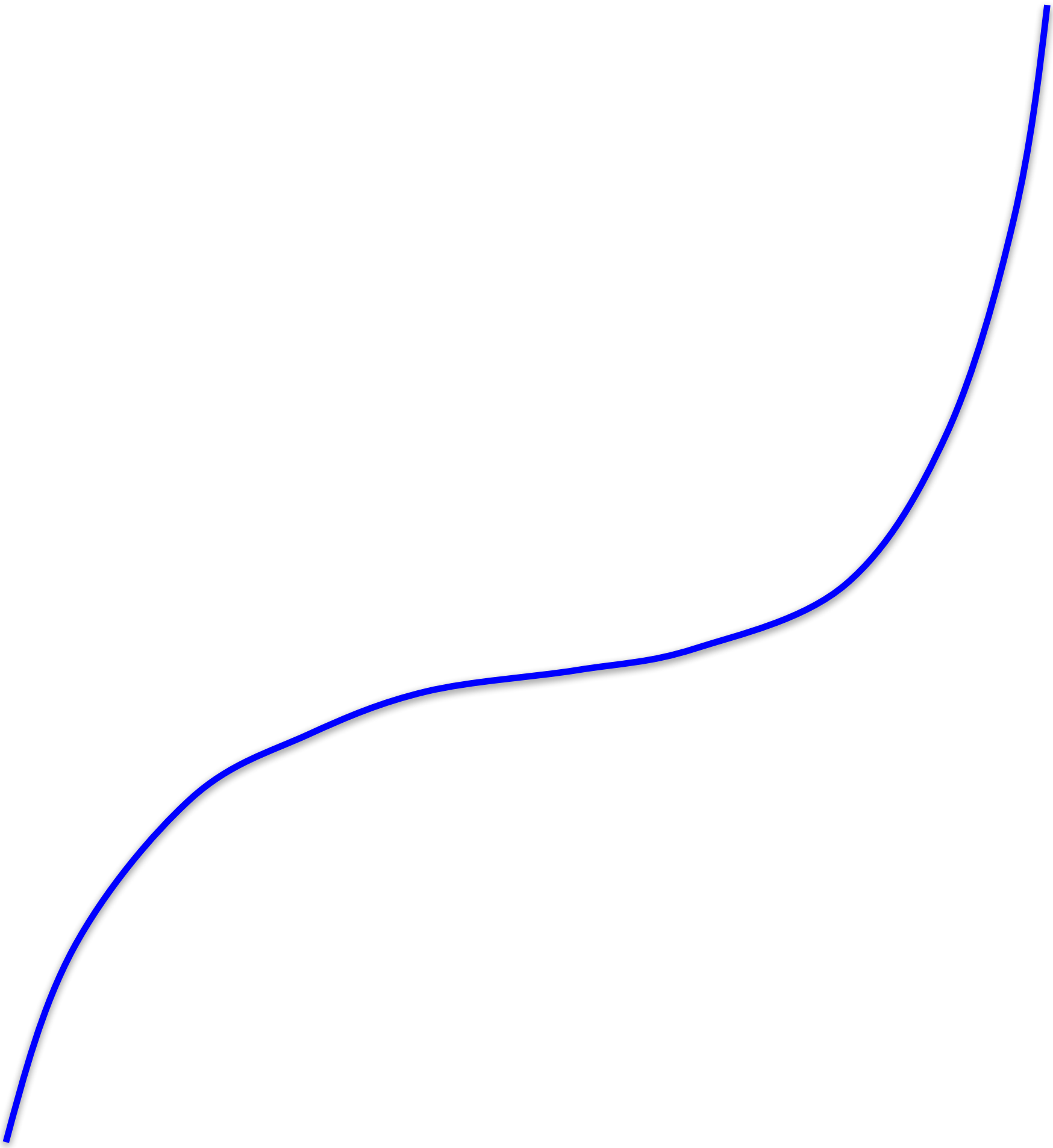
Loss


q*

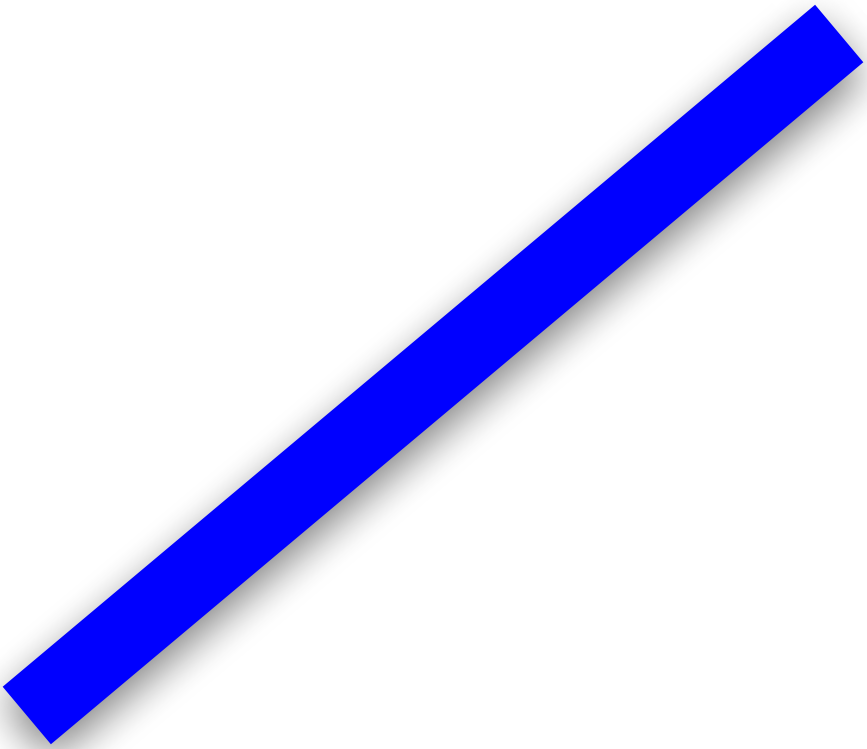
Loss = zero

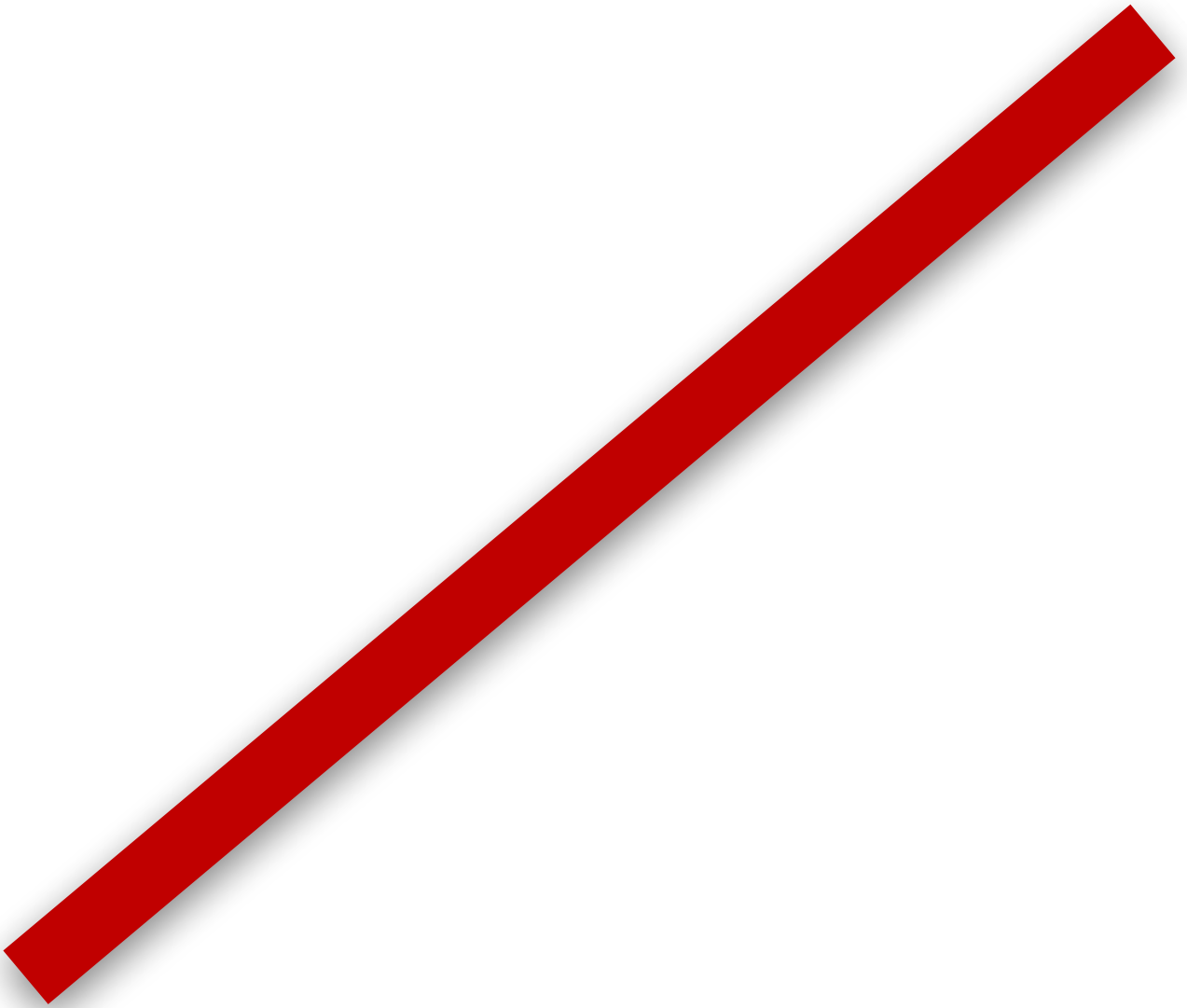
Choosing q*, where MC = MR minimizes the loss

TR = TC



Loss





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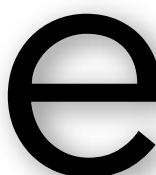

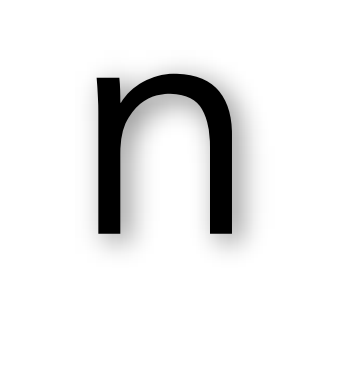
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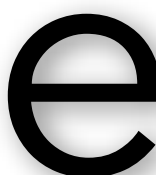

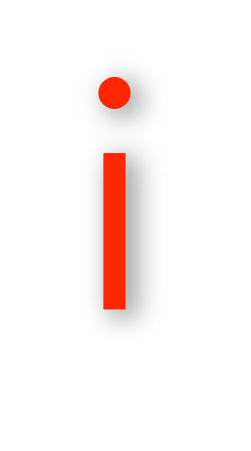

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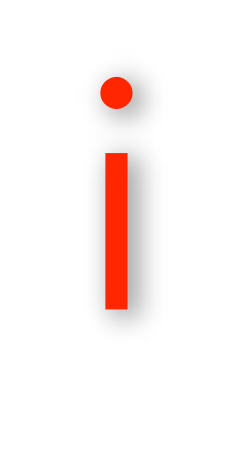

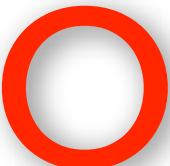

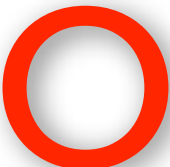

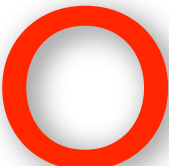

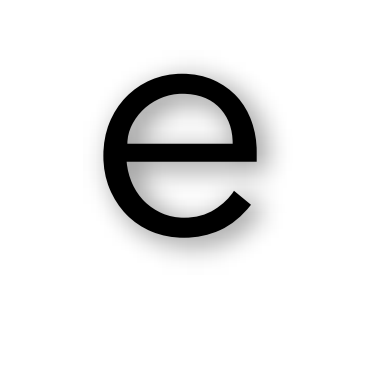

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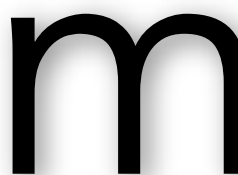

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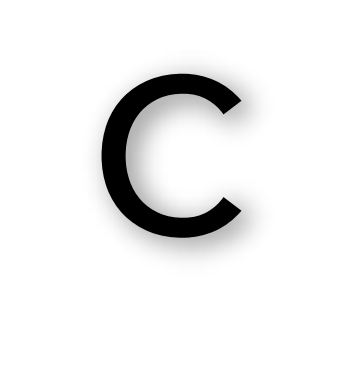
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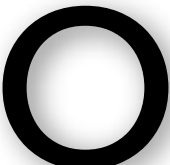

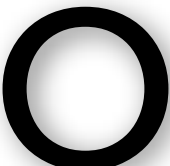

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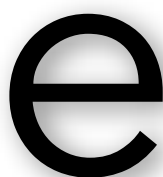

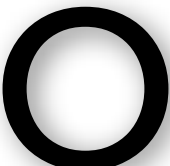

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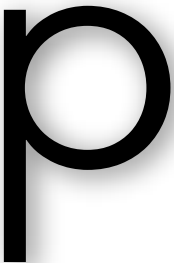

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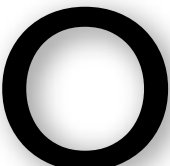

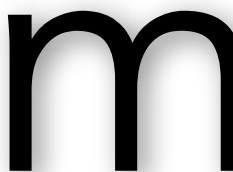

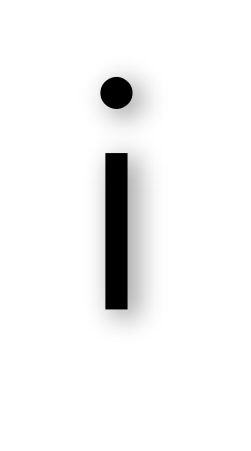

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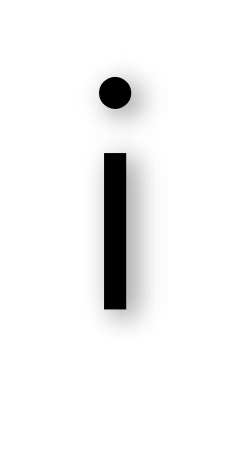

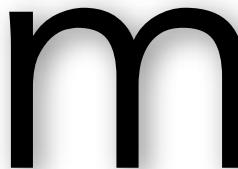

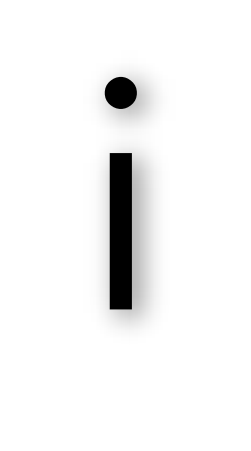

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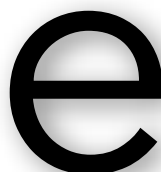

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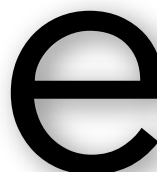
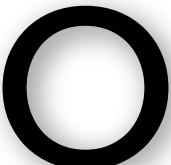


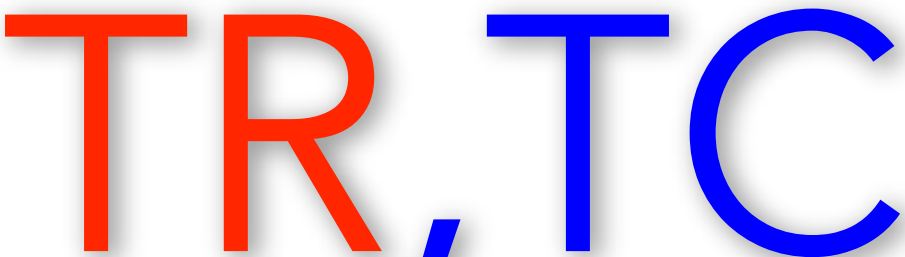


S

S

When
Total Revenue
is too low

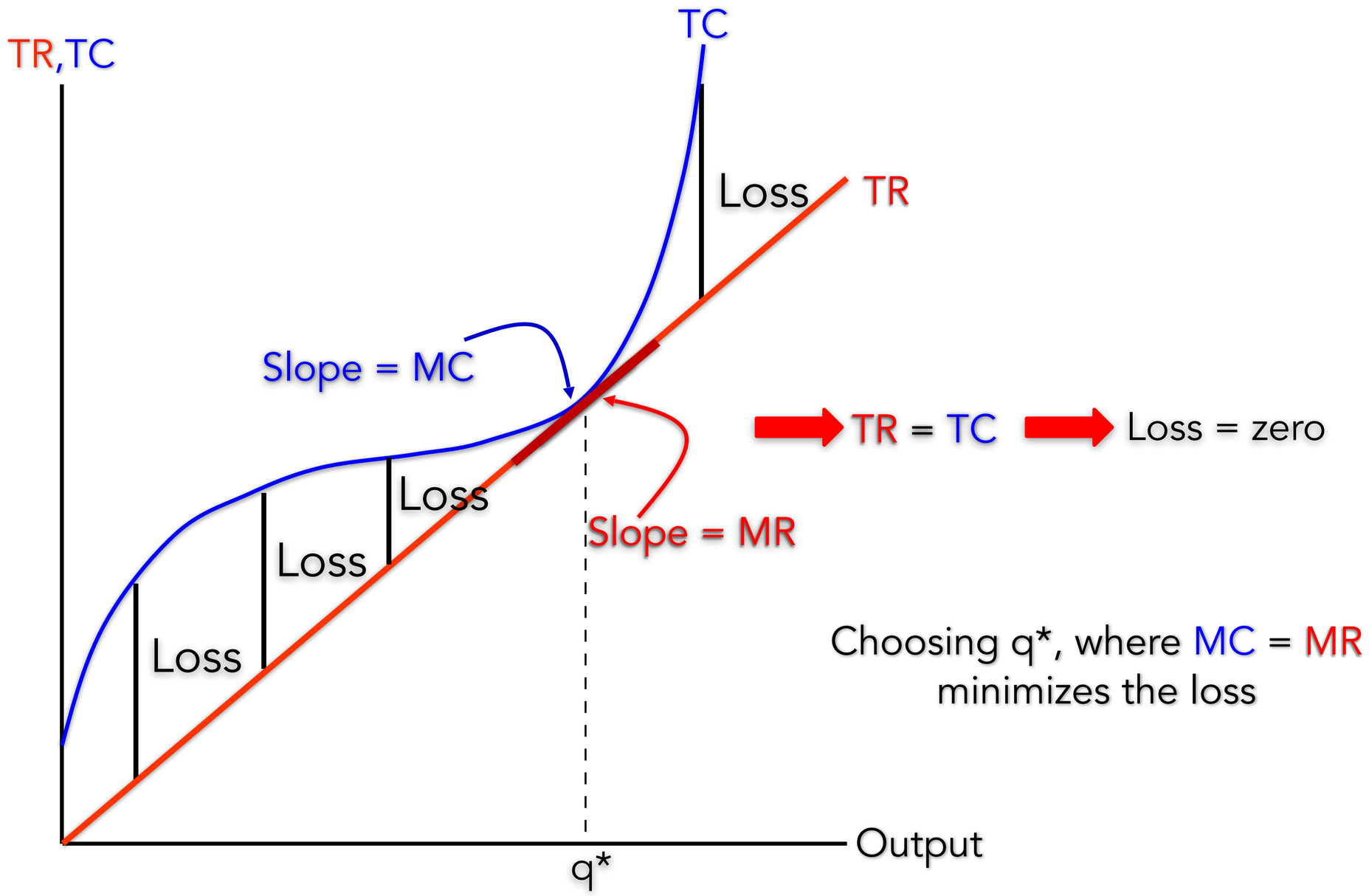
Output


TR,TC

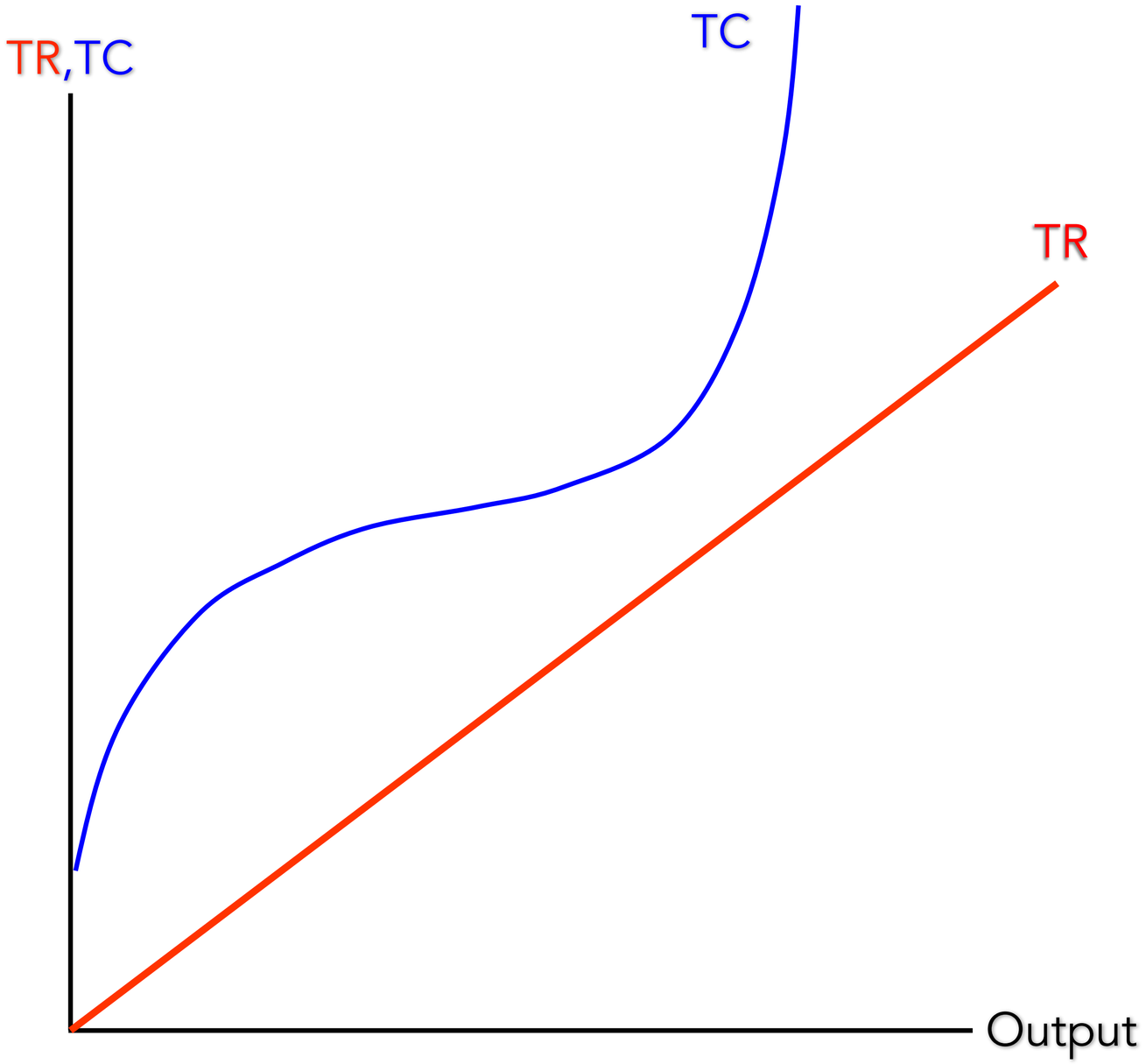
When the price is too low, the firm must choose output to minimize the loss

When the price is too low, the firm must choose output to minimize the loss

When Total Revenue is too low



Choosing q*, where MC = MR minimizes the loss


TR,TC
TC
TR
Output