

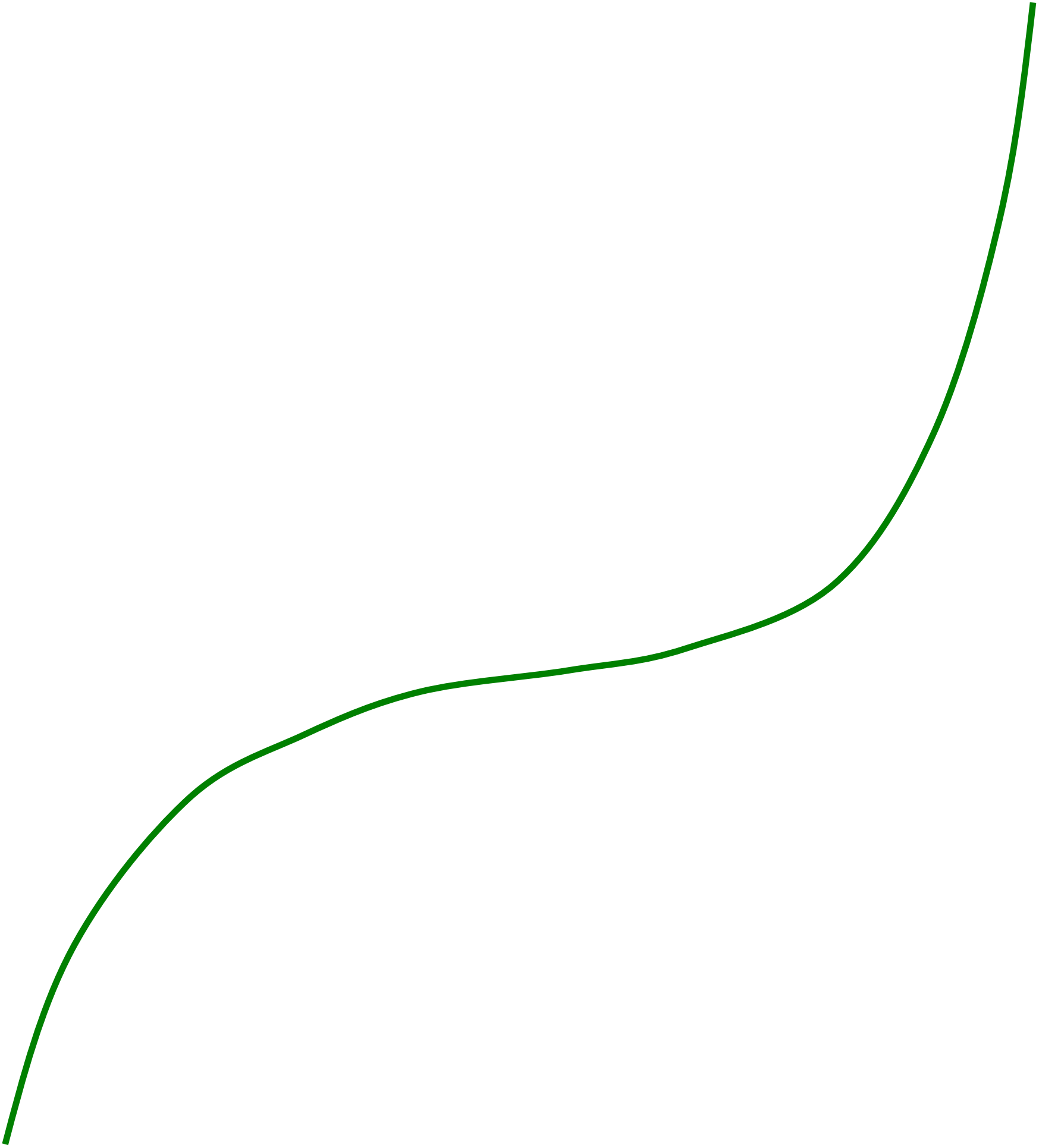
TR

Tc



q





VC

FC

If TC

$>$ TR

$>$ VC



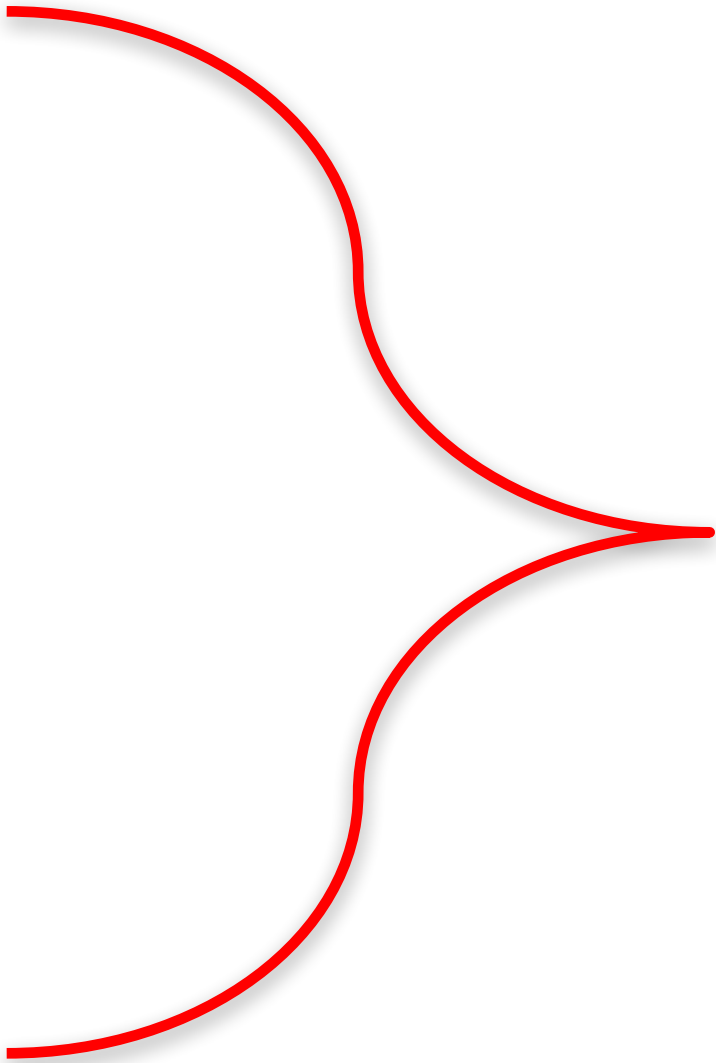
TC

TR

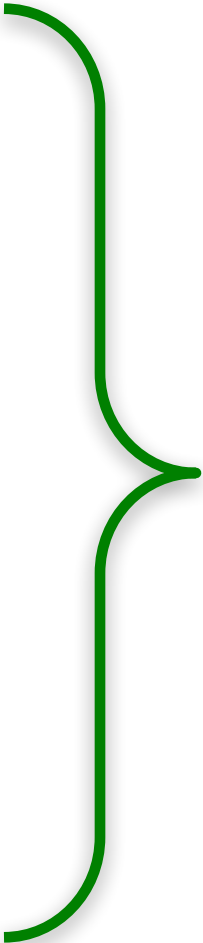
VC







TR covers all
VC and part of
the FC



VC







The firm incurs a loss: Should
produce q^* at a loss in the short run

Loss less than FC



Loss

The firm incurs a loss: Should produce q^* at a loss in the short run

