

# Review Exam 3

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Includes chapters 13,14 and 15

# Total output

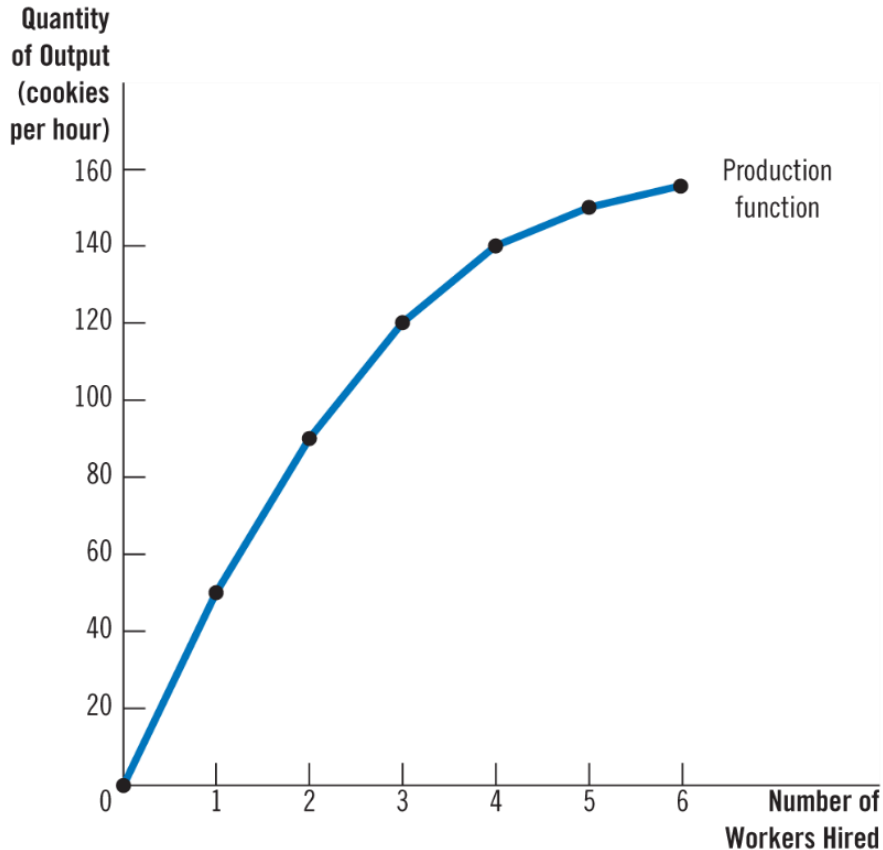
<b>Labor (Number of Workers)</b>	<b>Output (Units)</b>	<b>Marginal Product (Units)</b>
0	0	–
1		30
2		45
3		60
4		50
5		40

# Marginal product of labor

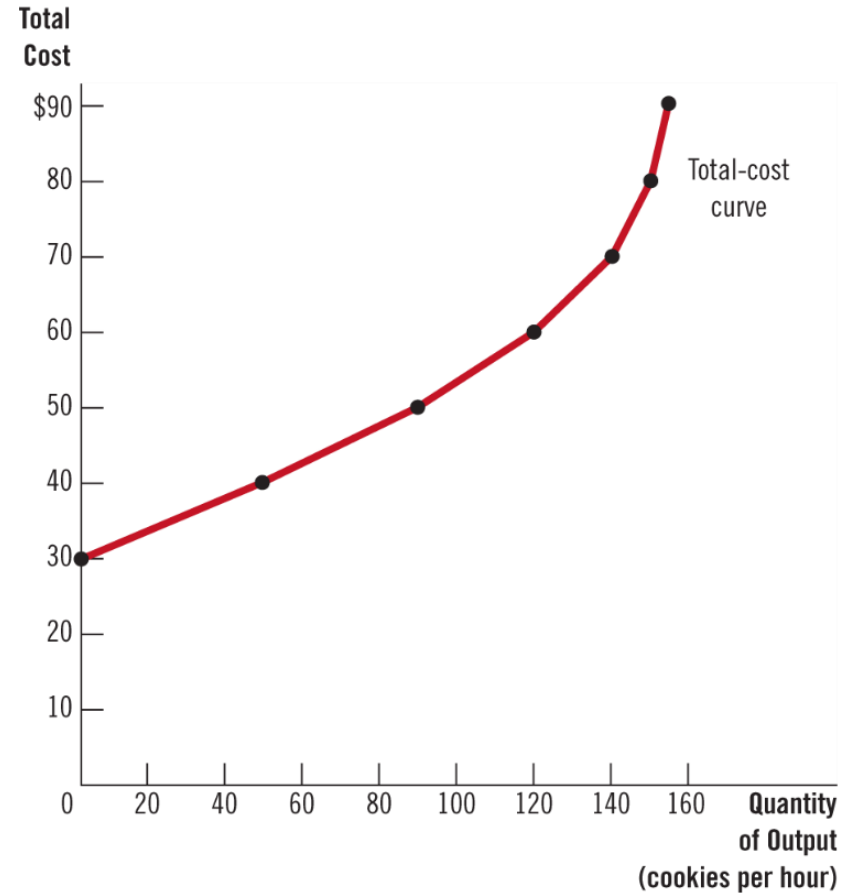
<b>Labor (Number of workers)</b>	<b>Output (Units)</b>	<b>Fixed Cost (Dollars)</b>	<b>Variable Cost (Dollars)</b>	<b>Total Cost (Dollars)</b>
0	0	50	0	50
1	90	50	20	70
2	170	50	40	90
3	230	50	60	110
4	240	50	80	130

# Production Function and Total-Cost Curve

(a) Production function



(b) Total-cost curve



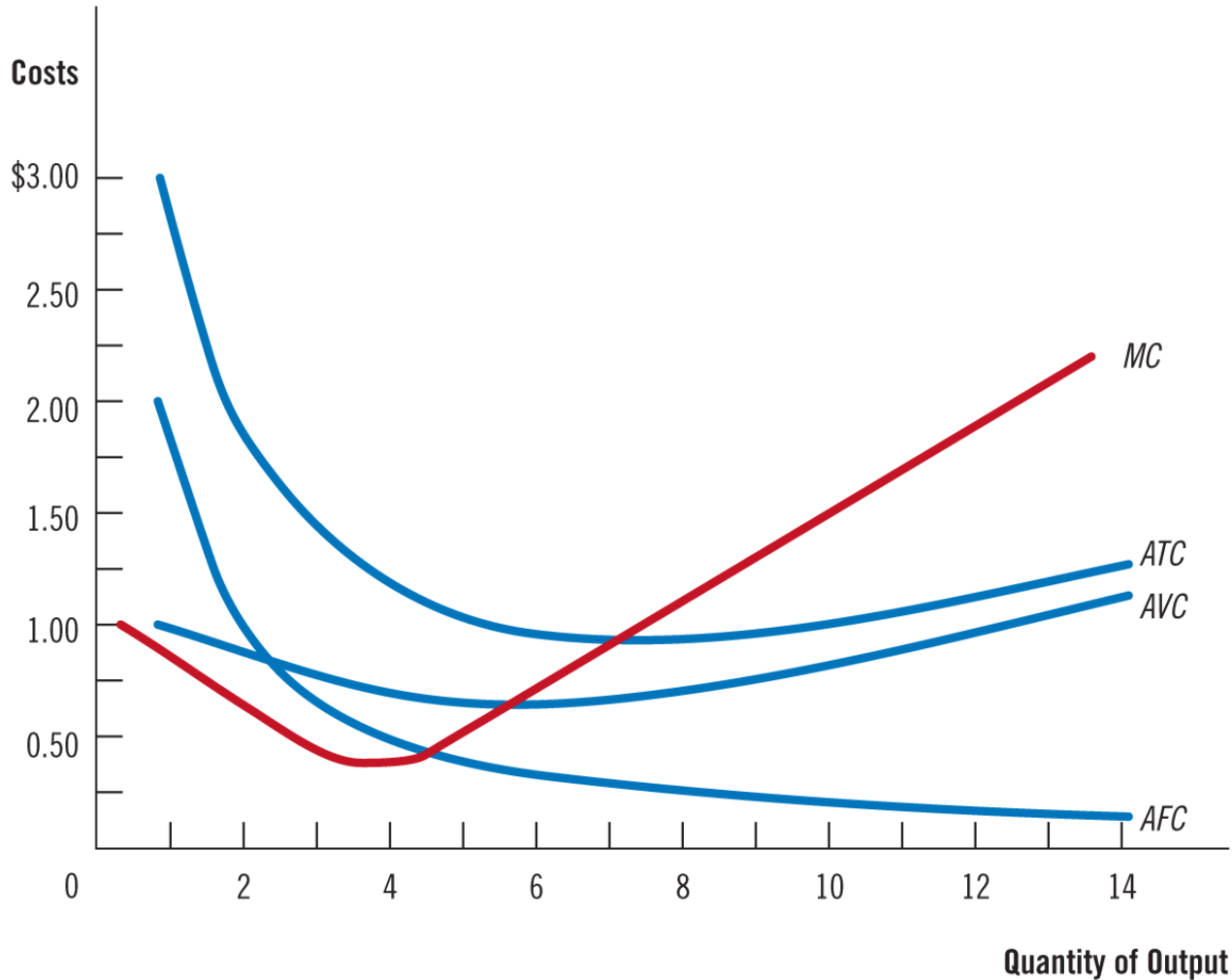
# Costs and Marginal Product

Labor (Number of workers)	Capital (Number of machines)	Output (Chairs produced per hour)	Marginal Product of Labor (Chairs produced per hour)	Cost of Workers (Dollars)	Cost of Machines (Dollars)	Total Cost (Dollars)
1	2	5				
2	2	10				
3	2	20				
4	2	35				
5	2	55				
6	2	70				
7	2	80				

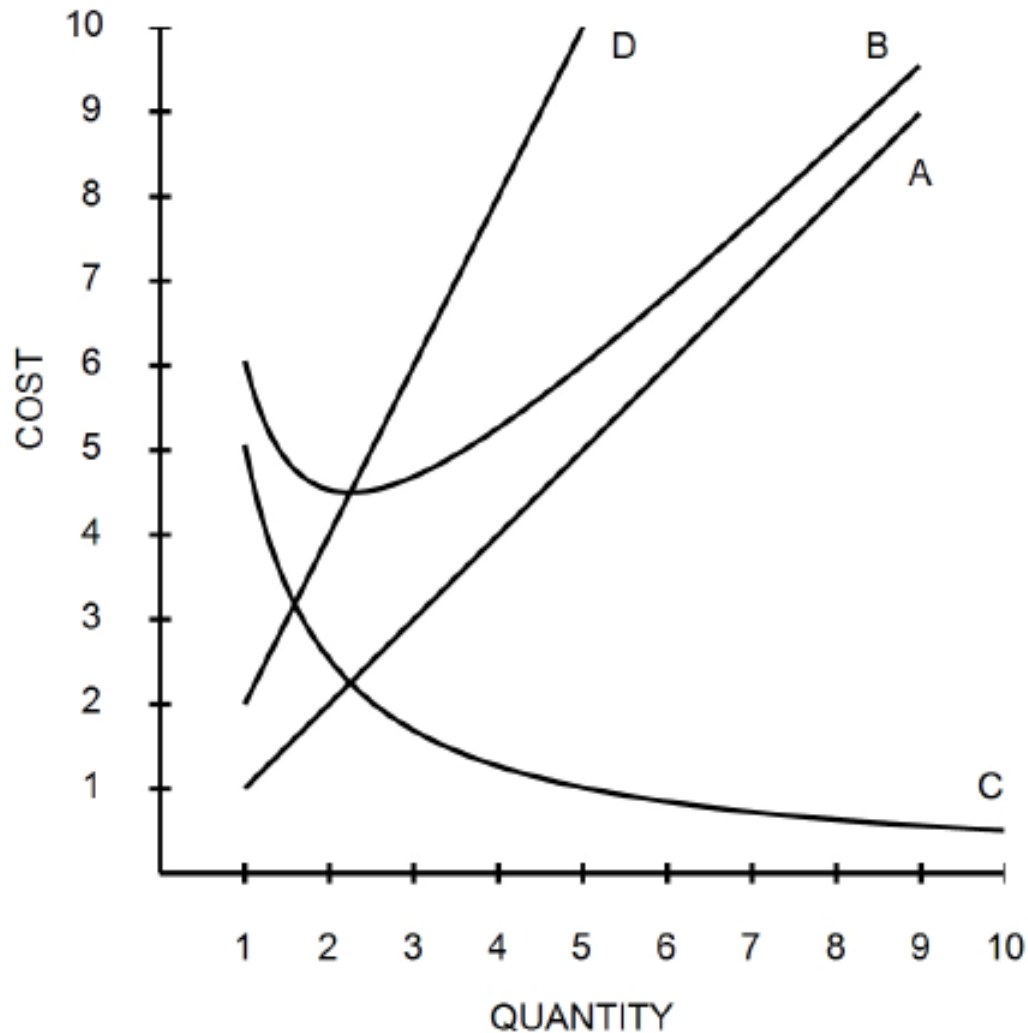
Each worker costs \$12 (VC).

Machine costs \$20 (FC).

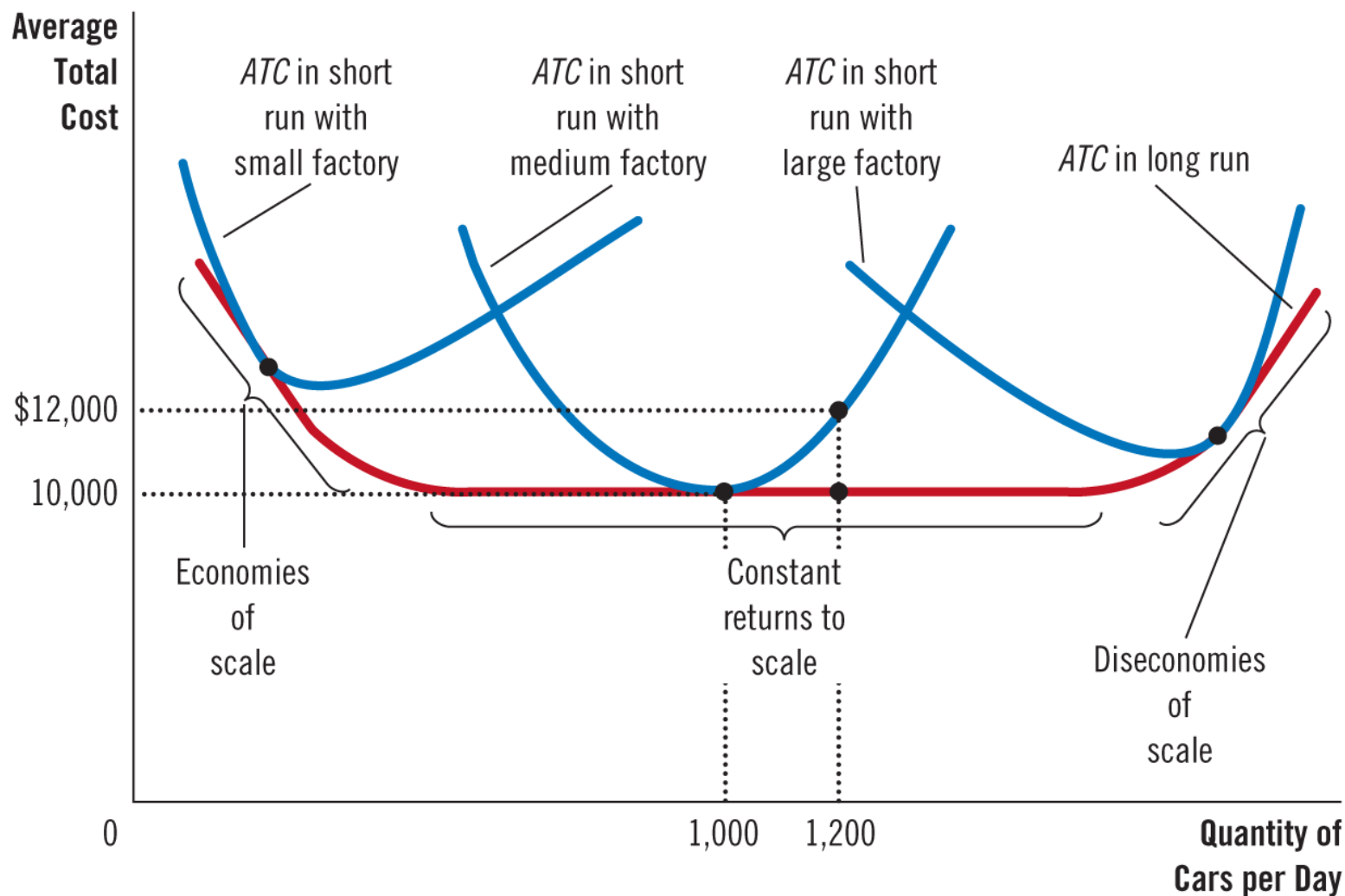
# Cost curves



# Cost curves

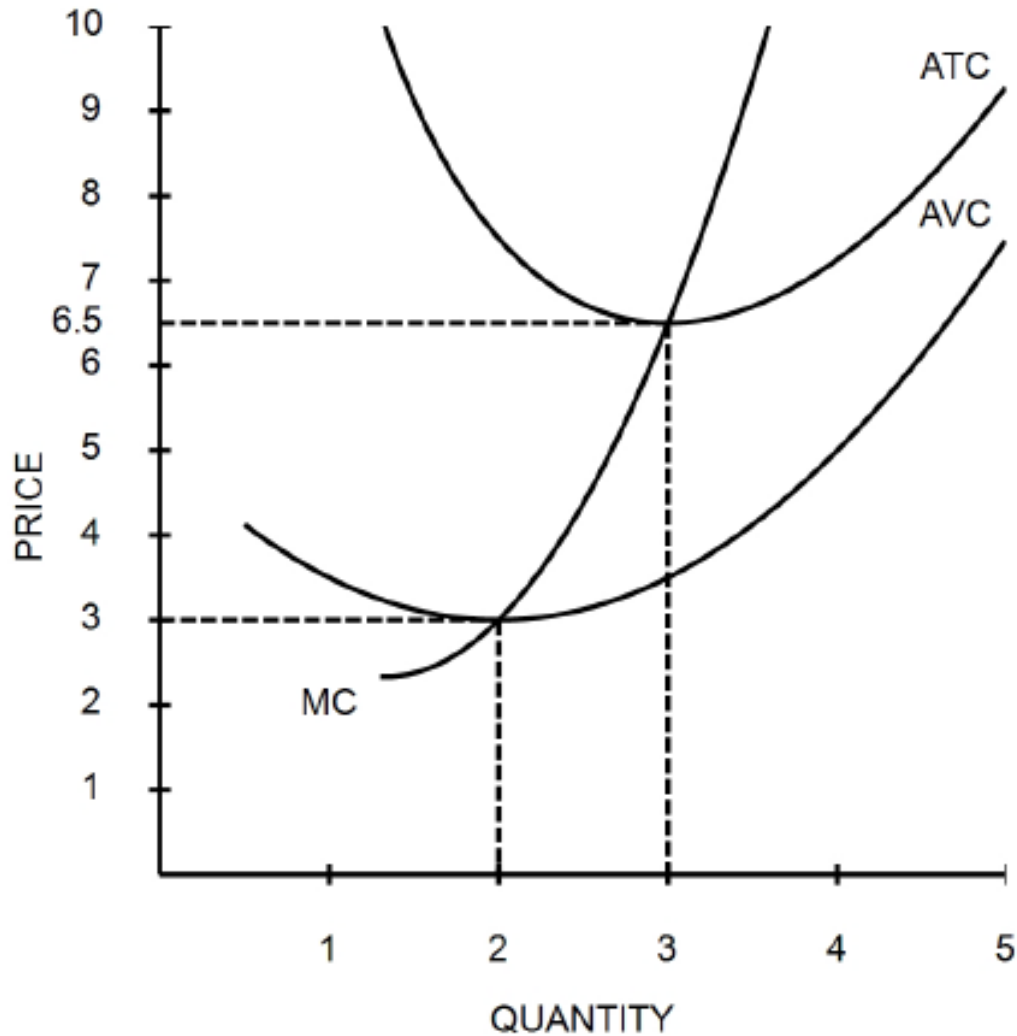


# Average Total Cost in Short & Long Runs

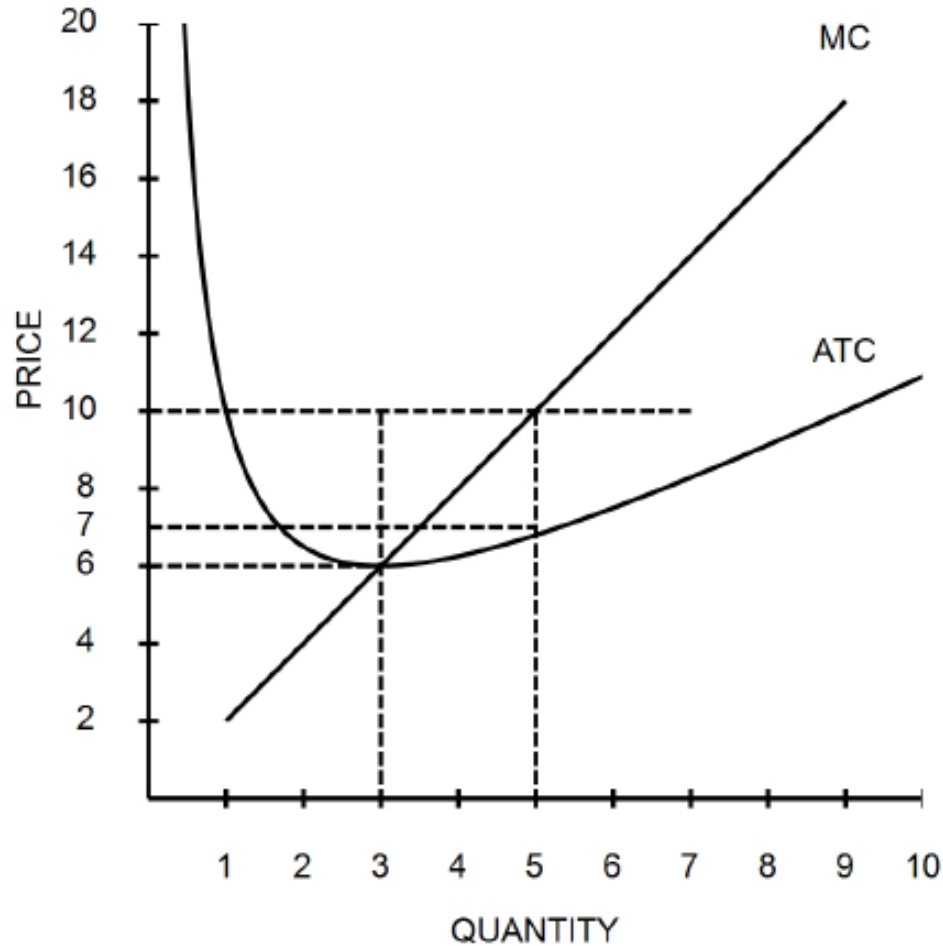




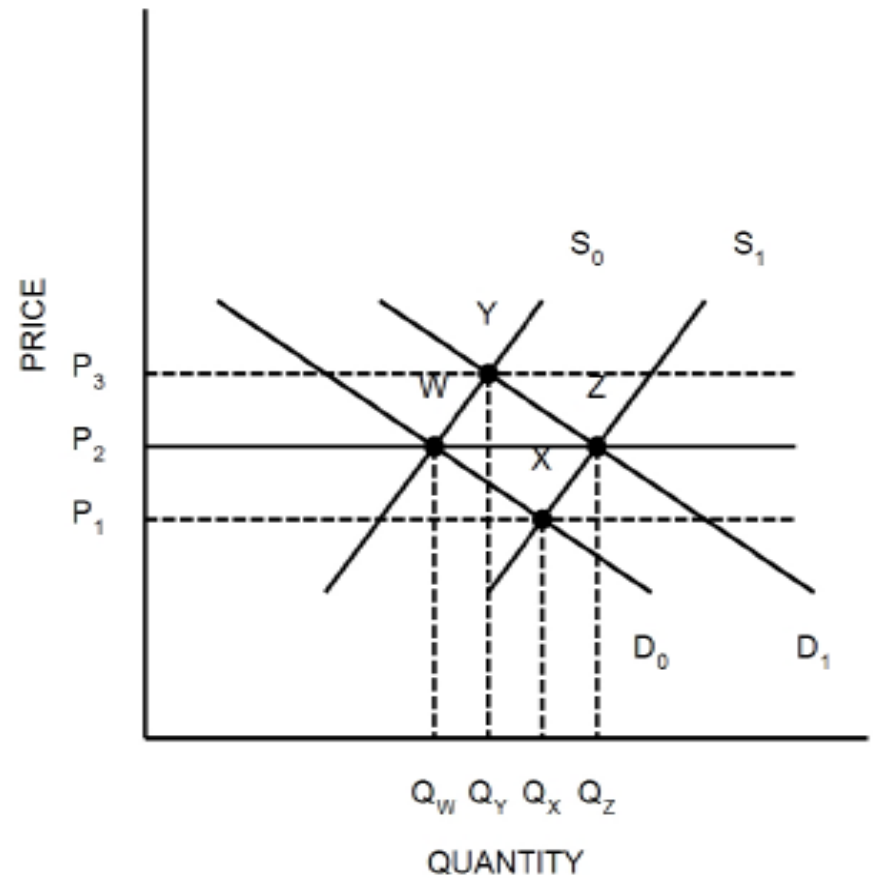
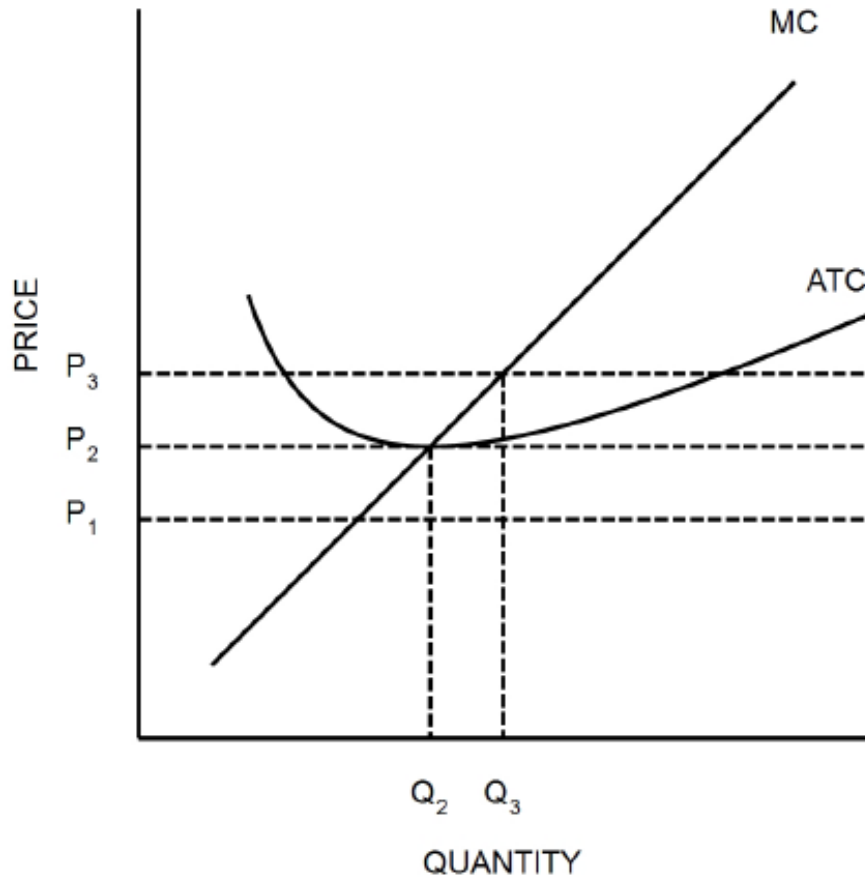
# Short-run supply curve



# Long-run supply curve



# Shock in Demand



# Monopolist

