

This is due in class no later than Nov. 6th. This will not be accepted late under any circumstances.

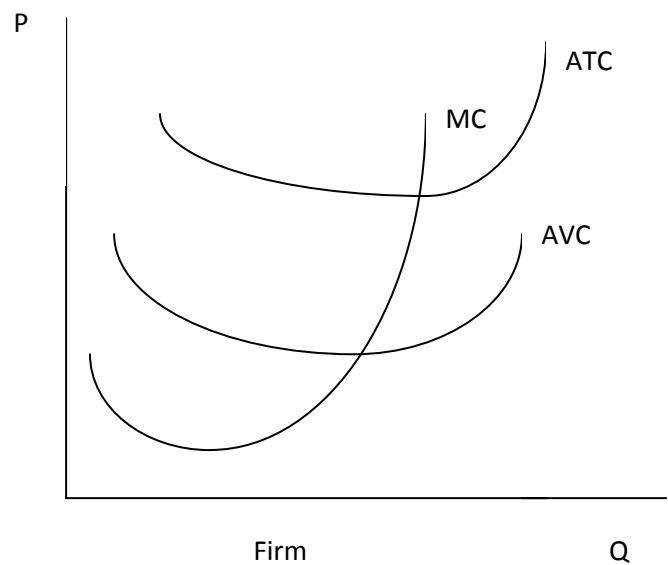
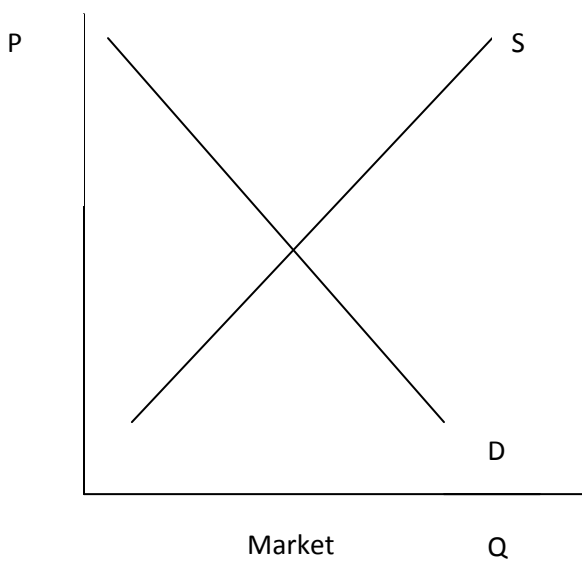
1. (7 pts.) Fill in the table below and answer questions a –b.

Labor	Q	MP	FC	VC	TC	AVC	ATC	MC
0	0	-----	600	0	600	---	-----	-----
1	40			400				
2	100				1400			
3	180						10	
4	280			1600				
5	360			2000				
6	420				3000			
7	470				3400			
8	510							10
9	520			3600				
10	500			4000				-----

a. At what point do diminishing returns set in? Why?

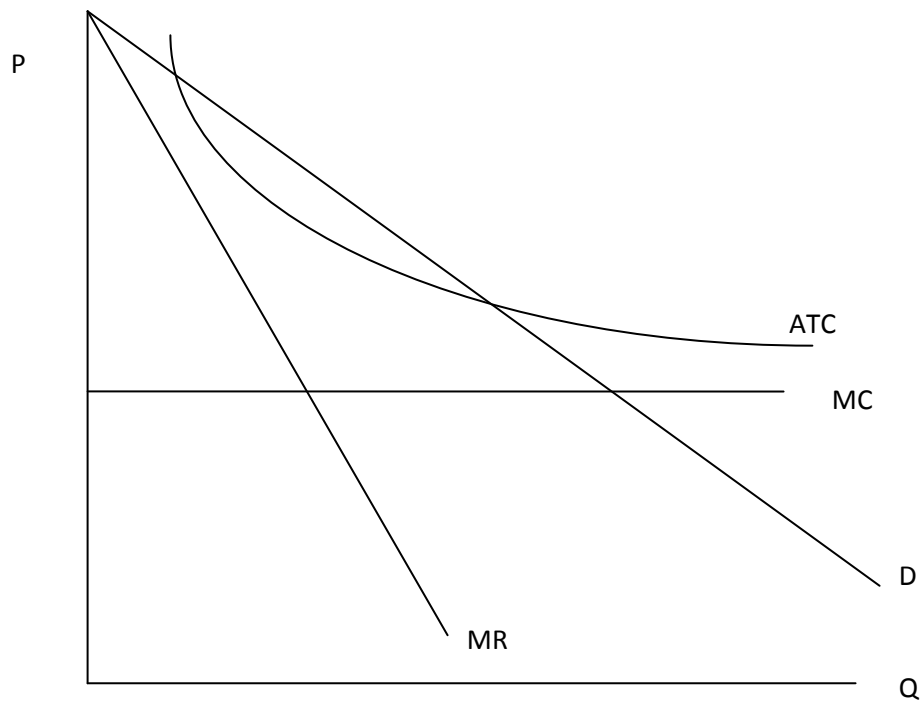
b. Is this firm in the short run or the long run? Why?

2. (4 pts.) Answer questions a – c based on the diagram below.



- Draw in the demand and marginal revenue curves facing the firm.
- Identify the profit-maximizing level of output.
- Is this firm making a profit or a loss?
- Shade in the area of the profit or loss.

3. (4 pts.) Answer questions a – d based on the diagram below.



- Identify the profit-maximizing level of output. Label it Q_m .
- Is this firm making a profit or a loss?
- Shade in the area of the profit or loss.
- Identify the socially efficient level of output. Label it Q_e .