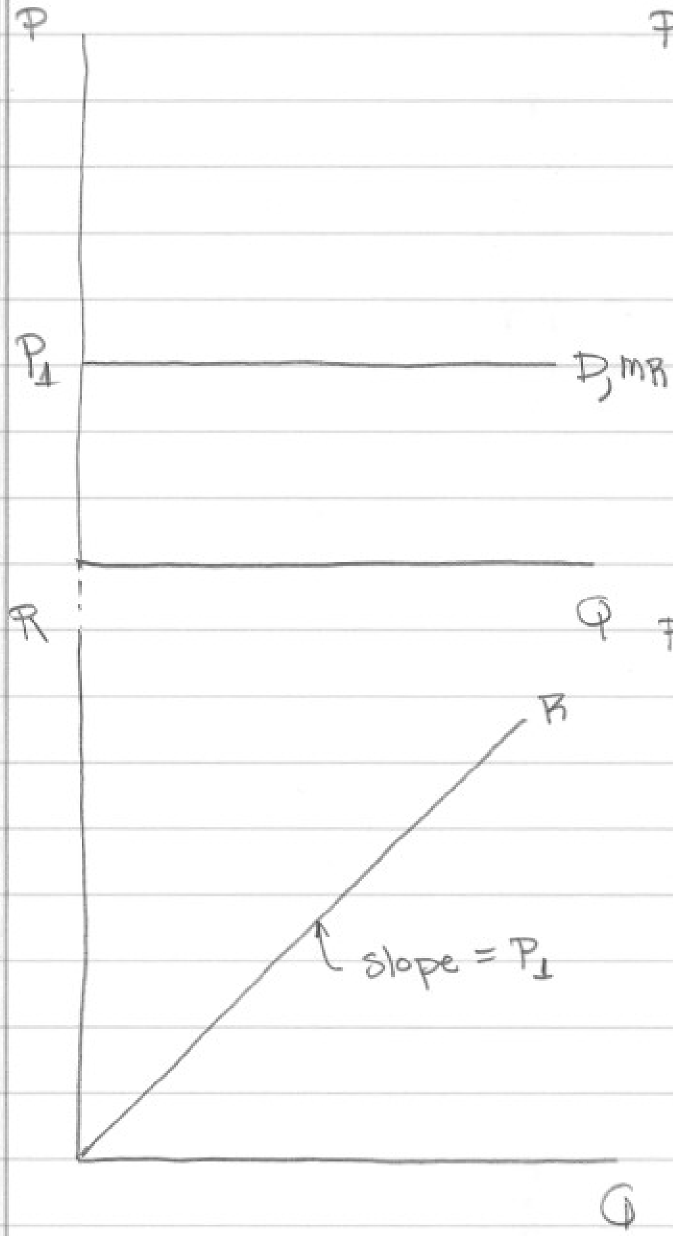
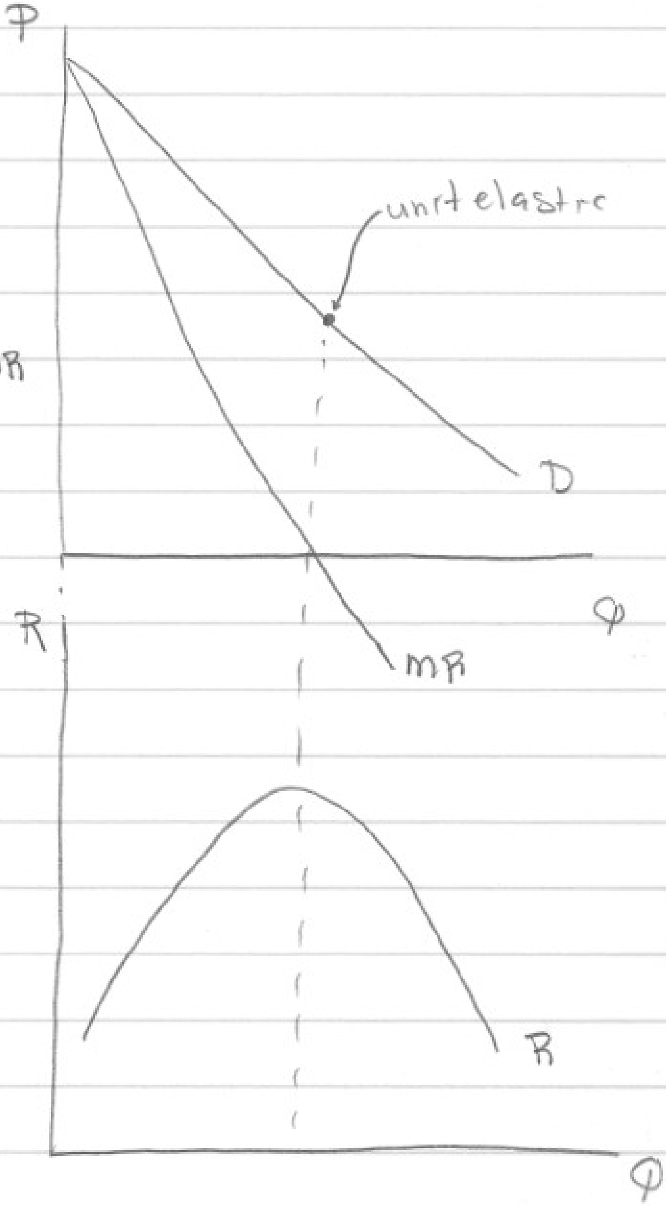
Total and Marginal Revenue





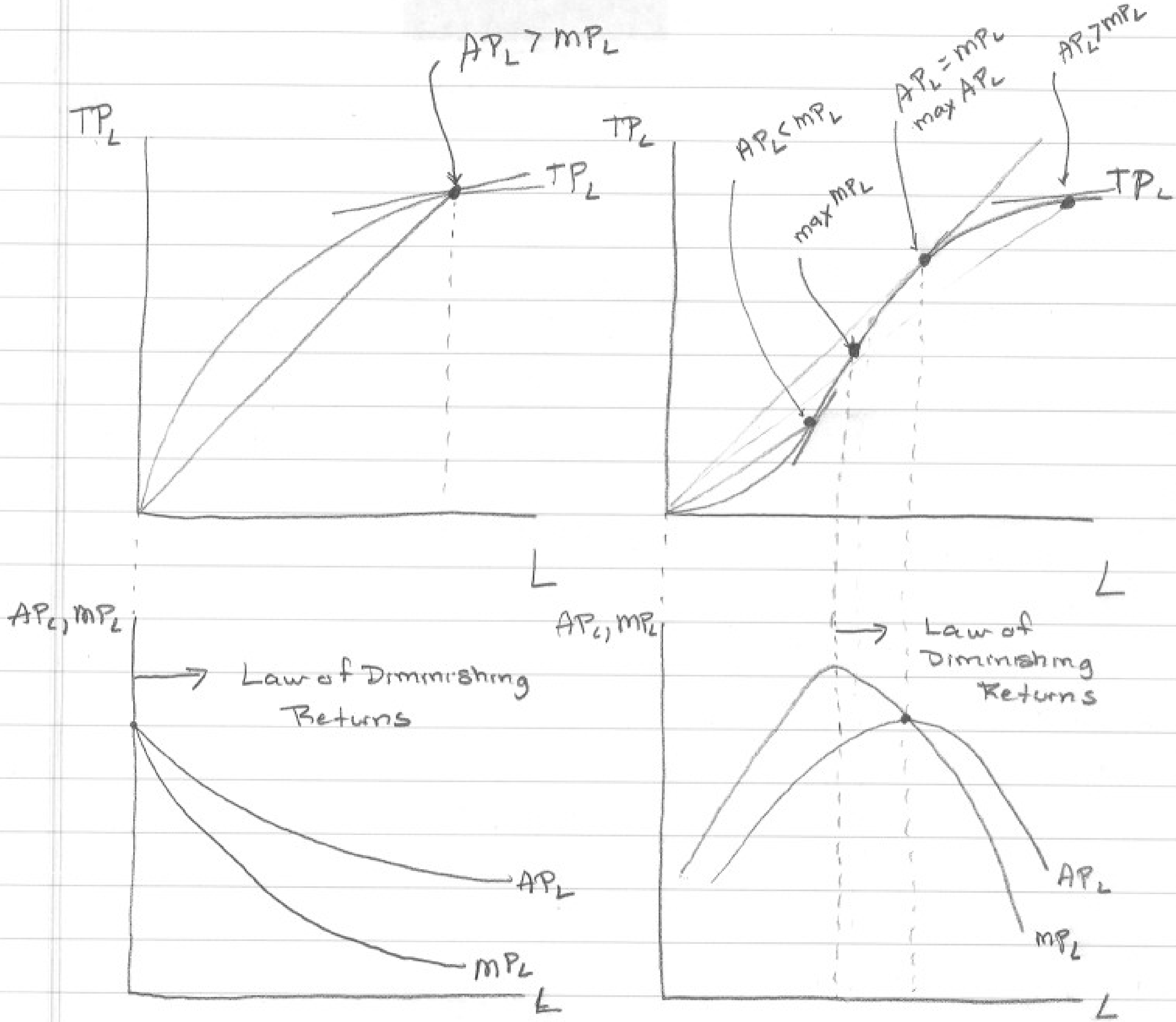
Will use for <u>perfect competition</u>.

$MR = P$

Will use for <u>monopoly</u>.

$MR < P$

Two Total Product of Labor Curves

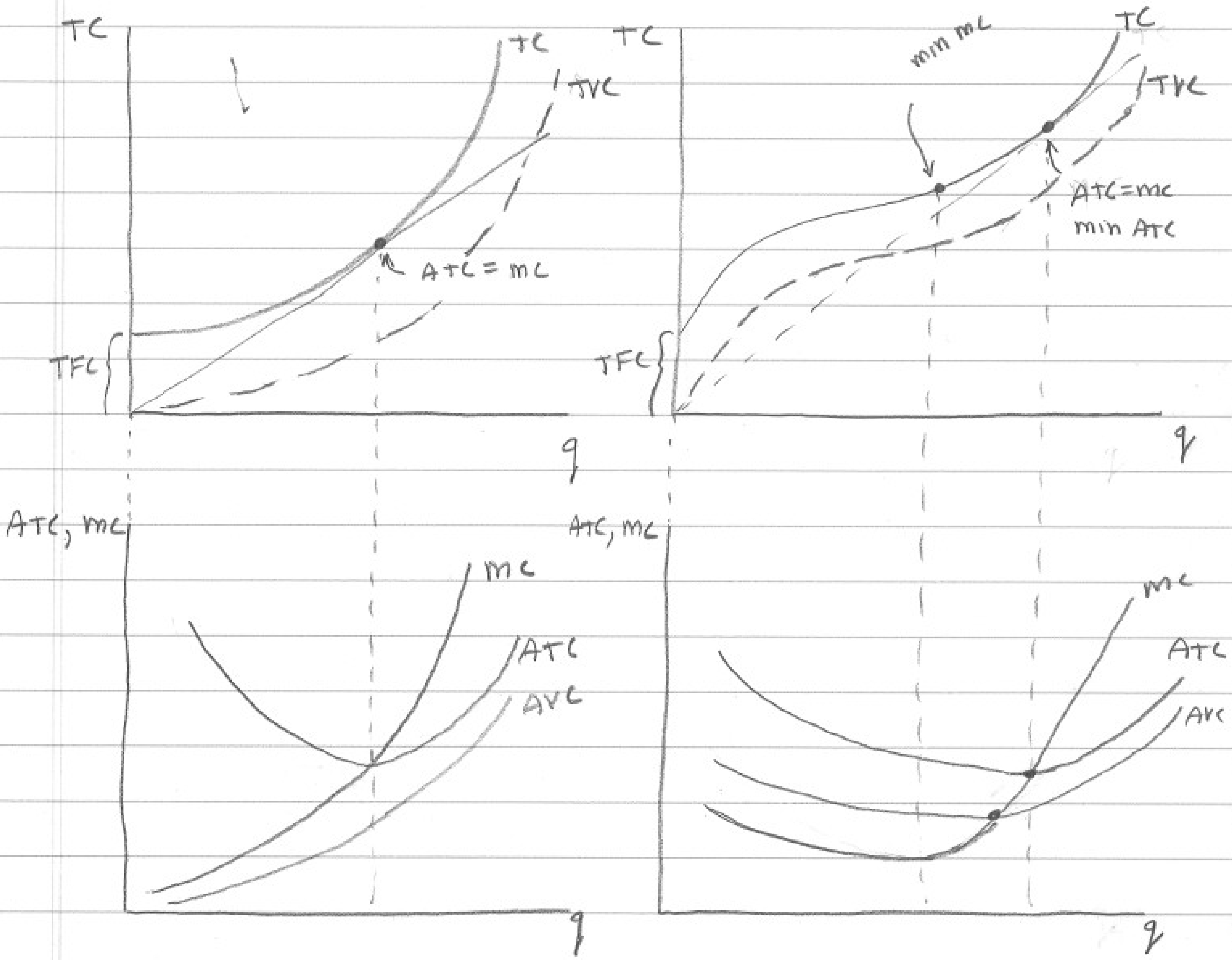


Note: Always put MP_L and AP_L on a <u>different</u> diagram than TP_L

The Krugman/Wells "More Realistic Cost Curves" on p. 196 come from the TP_L, AP_L, and MP_L graphs to the right above.

Two Sets of Cost Curves

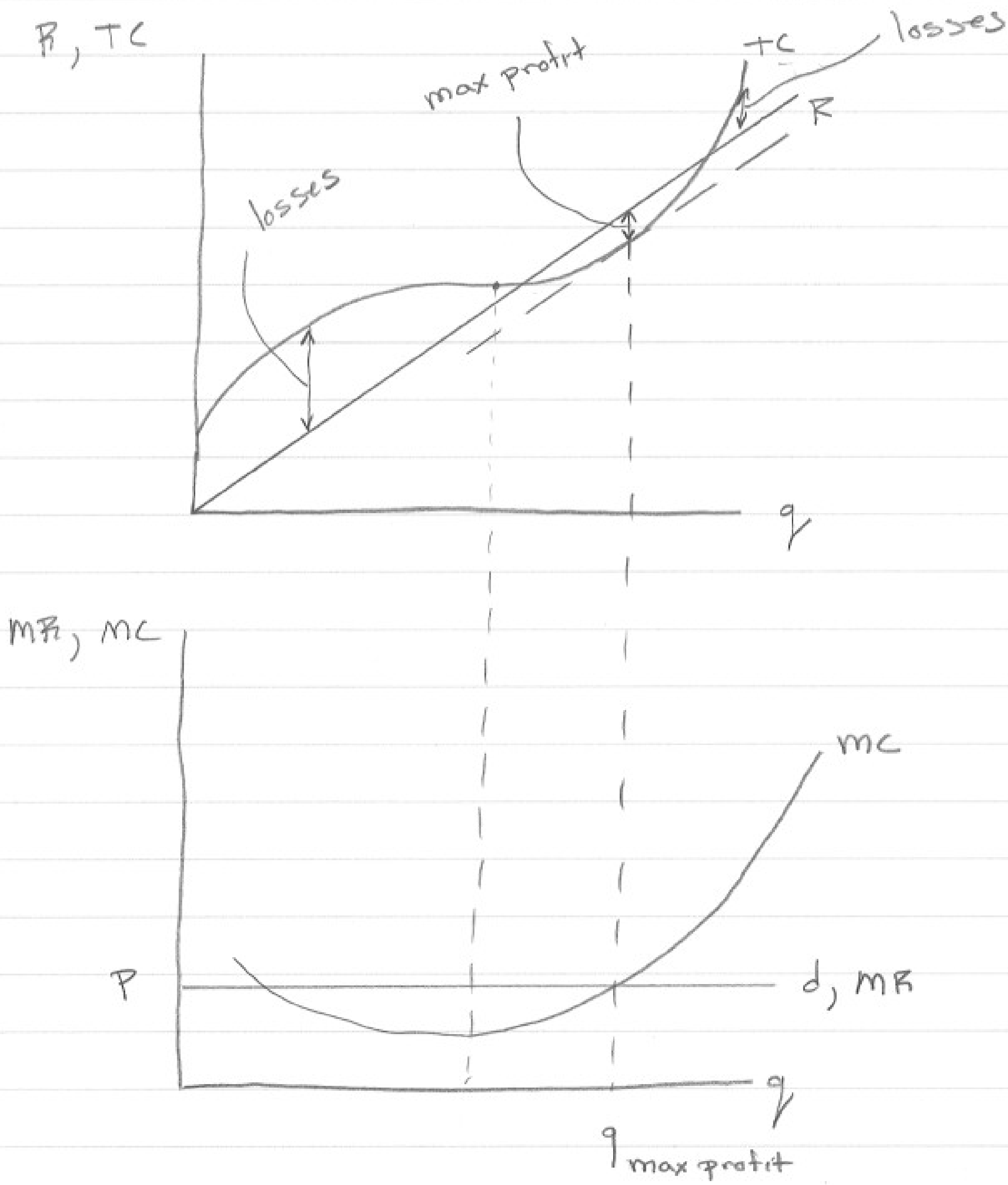
"More Realistic"



Note: Always put MC, ATC, AVC, AFC on a <u>different</u> diagram than TC, TFC, TVC.

The Krugman/Wells "More Realistic Cost Curves" on p. 196 are above right.

Short-Run Profit Maximization



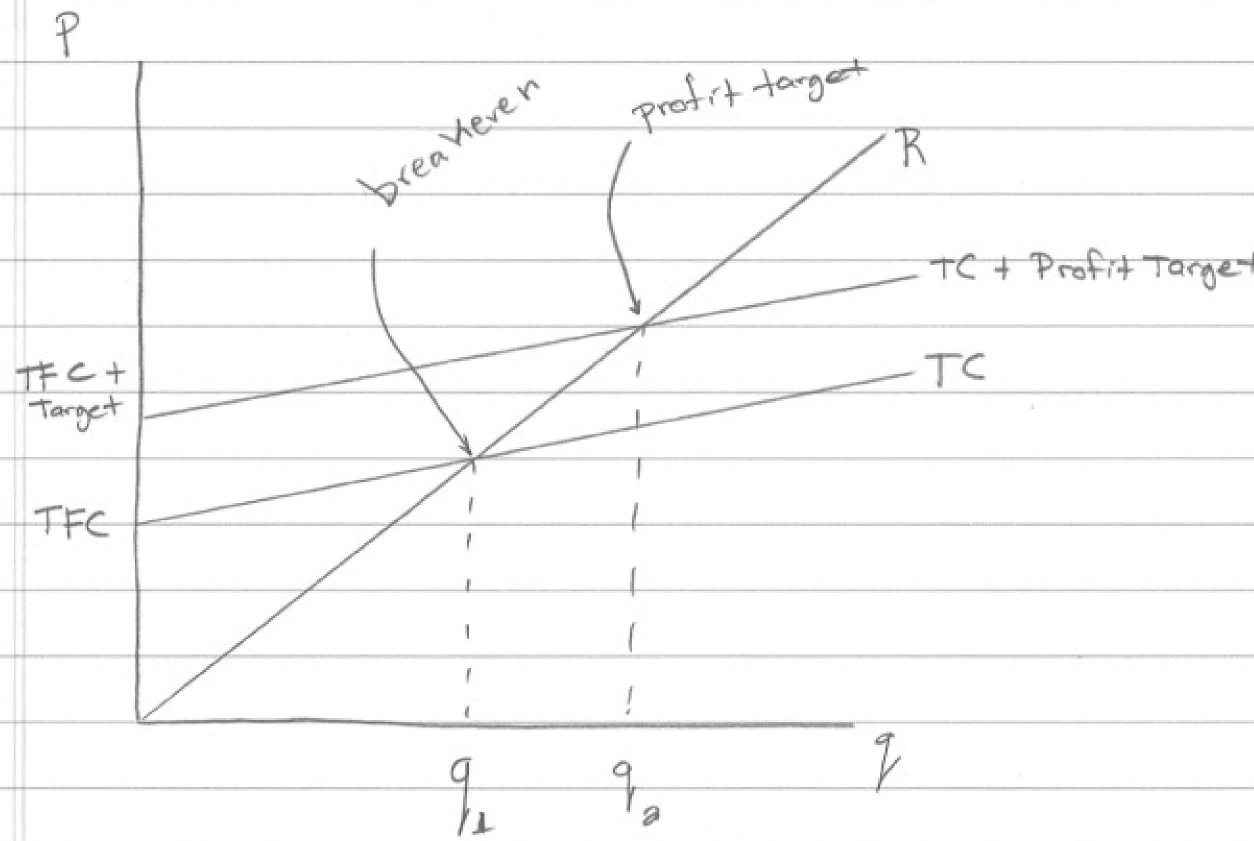
General profit-maximizing condition:

$$MR = MC$$

Profit-maximizing condition under perfect competition:

$$P = MC$$

Linearized Profit "Maximization"



Here, TVC is linear because MC is constant.