Wilf Csaplar Jr.   Economics 280   Homework #6   Due 03/23

Do not write your name on the assignment. Write your name only on the back of this sheet of paper and staple your answers on the front of this sheet of paper. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to follow these directions will cost you 1 point on the assignment and failure to type it will cost you 10 points.

1) (30 points each) Illustrate the following events on the SRATC/SRAVC/AFC/SRMC diagram. Explain why the curve(s) moved as drawn. (Note: Your diagrams for the two parts will be different. Make sure you draw them big enough that I can tell the important information.)
A) Salaried workers, those whose pay is set by the year rather than the hour, get a pay raise.
B) Hourly workers get a pay raise.

2) (15 points) Is the LRATC curve the envelope of the SRATC curves? Why or why not?

3) (10 points) Why isn't the LRMC curve the envelope of the SRMC curves?

4) (15 points) The marginal X curve always goes through the minima and maxima of the average X curve but not the average Y curve. For example, the marginal grade curve will go through the maxima and minima of the average grade (GPA) curve, but it will not go through the maxima or minima of your bowling score. Since SRATC and SRAVC are different variables how can the SRMC go through the minima of both of them?