

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (25 points) Copy the following table into your answer sheet and then fill it in. Show all calculations and if there are no calculations to show, then explain how you reached the conclusion.

Q	TC	TVC	TFC	ATC	AVC	AFC	MC
0	120						
3		60					
	520				80		
		600					200

2) (25 points) Illustrate an increase in the wage rate on the AVC/ATC/AFC/MC diagram. Explain why the curve(s) moved as drawn.

3) (25 points) Illustrate an increase in the rent of the office building on the AVC/ATC/AFC/MC diagram. Explain why the curve(s) moved as drawn.

4) (25 points) Explain why the LRATC curve is the envelope of the SRATC curves but the LRMC curve is not the envelope of the SRMC curves. It may help to draw a diagram.