

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. 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) (10 points) Which is bigger, economic profits or accounting profits? Explain your logic.

2) (10 points each) For each of these costs, tell me whether it is a variable cost, a fixed cost, or a mixed cost. Explain your logic.

A) the wages of the assembly line workers

B) the salary of the CEO

C) electric bill

3) (35 points) Copy the table into your answer sheet. Fill in the blanks. Show all calculations. If there is no calculation, state how you got your answer.

Q	TC	TFC	TVC	ATC	AFC	AVC	MC
0	120						
1	150						
2			40				
3						20	
	260						40

4) (25 points) Draw the TFC/TVC/TC diagram. Explain why each curve looks as drawn. Draw the AFC/AVC/ATC diagram. Explain how you got it from the previous diagram.