

Show your work for partial credit. Graphs are helpful. Be sure to read and answer the question thoroughly. Have fun!

1. In the Dominican Republic, when a structure needs to be demolished, the owner of the structure hires 20 men with hammers to tear down the structure. In the United States, an owner hires three men with a crane and a wrecking ball. Using isoquants and isocost curves show and discuss why both processes are reasonably efficient methods of demolition.

2. The Long Run Total Cost Equation is:

$$LTC = 2q^2 + 50$$

- What is the Long Run Total Cost of producing 10 units?
- What is the Long Run Marginal Cost Equation?
- What is the Long Run Marginal Cost of producing the 10<sup>th</sup> unit?
- How many units will the firm produce if the market price is \$64?

3. The firm's Short-Run Total Cost is:

$$TC = 3q^2 + 30$$

- What is the Marginal Cost Equation?
- If the market price of the output is \$30, how many units will the firm sell?

4. Chapter 11, Question 1

5. Chapter 11, Question 2

6. Chapter 11, Question 3