

Output (Quantity)	Price	Total Revenue	Marginal Revenue	Total Cost	Marginal Cost	Profit
1	\$200	\$200	\$200	\$120	\$120	\$80
2	\$195	\$390	\$190	\$246	\$126	\$144
3	\$190	\$570	\$180	\$370	\$124	\$200
4	\$185	\$740	\$170	\$486	\$116	\$254
5	\$180	\$900	\$160	\$604	\$118	\$296
6	\$175	\$1,050	\$150	\$722	\$118	\$328
7	\$170	\$1,190	\$140	\$844	\$122	\$346
8	\$165	\$1,320	\$130	\$970	\$126	\$350
9	\$160	\$1,440	\$120	\$1,100	\$130	\$340
10	\$155	\$1,550	\$110	\$1,232	\$132	\$318

1. What is the formula for:

- Total Revenue? *Total Revenue = Output X Price*
- Marginal Revenue? *Marginal Revenue = Change in Total Revenue/Change in Quantity*
- Marginal Cost? *Marginal Cost = Change in Total Cost/Change in Quantity*
- Profit? *Profit = Total Revenue – Total Cost*

2. How many units of output should this business produce to maximize its profits?

8 units

3. What is the relationship between the total revenue, marginal revenue, output, and profit?

The marginal revenue is equal to the total revenue divided by the units of output. To maximize profit, the marginal revenue should be as close in value as possible to the marginal cost.

4. What role does information about the total revenue, marginal revenue, output, and profit play in short-run production decisions?

Knowing how much the firm's total revenue, marginal revenue, total cost, and marginal cost will be at certain levels of production helps managers to determine how many units of outputs to produce to maximize the firm's profit and, therefore, to get the most for its money

