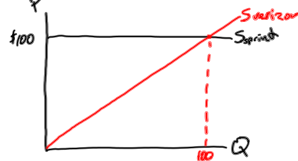


$Q_d = 150 - 5P$
 Sprint = \$100 flat fee
 Verizon = \$1 per minute



P	Q_d	Sprint
0	$150 - 5(0) = 150$	0
1	$150 - 5(1) = 145$	1
2	$150 - 5(2) = 140$	2
...	135	3
...	130	4
...	125	5
...	120	6
...	115	7
...	110	8
...	105	9
10	100	10
...
15	$150 - 5(15) = 75$	15
...
25	$150 - 5(25) = 25$	25

$\rightarrow 100 \mid 150 - 5(100) = -350$

Formula

Verizon's supply $Q_s = P$

$Q_d = Q_s$

$150 - 5P = P$

$\frac{+5P}{+5P} \quad \frac{+5P}{+5P}$

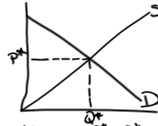
$150 = 6P$

$\div 6 \quad \div 6$

$25 = P$

$\rightarrow Q_s = 25$
 $Q_d = 25$

Total Revenue



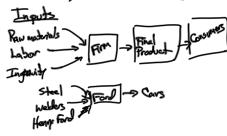
Total Revenue = $P^* \times Q^*$
 ↳ Total amount of money received by the firm.

Profit = Total Revenue - Total Costs
 $P^* \times Q^*$ Variable costs
 Fixed costs
 Sunk costs

Variable costs
 ↳ Change of output
 ↳ e.g. wages
 ↳ e.g. the more classes taught at CU, the more spent on wages

Fixed costs
 ↳ Does not change of output
 ↳ e.g. buildings

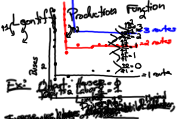
Sunk costs
 ↳ Costs which cannot be recovered
 ↳ Balance → Output



Production function
 ↳ an equation that relates the quantity of inputs to the quantity of output
 ↳ Inputs → Function → Output

Ex:

Inputs		Output
Dishes	Bytes	output (cookies)
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5



Ex: Output = 100 - 2X

Input	Output
1	98
2	96
3	94
4	92
5	90
6	88
7	86
8	84
9	82
10	80

