

Name:
Panther ID:

Homework #3 (Due Nov 20, 2017)

Note: All homework must be submitted in hard copy (no email submissions accepted). No late homework will be received.

1. Suzette's Fancy Packaging subcontracts with Sunshineland Pecans to box dried fruit and nuts for Suzette's mail order business. Suzette rents space for her factory for \$400 a week in a nearby strip mall. She can hire temporary worker for \$200 per week. Note that there are only two inputs (factory and labor) in her business and she can hire as many workers she wants in the short run. Using this information to fill in the columns in the following table.

Number of workers	Output (boxes)	Factory Rent (fixed cost)	Labor Cost (variable cost)	Total cost	ATC	AFC	AVC
0	0	--	0				
1	220	400	200				
2	470						
3	680						
4	840						
5	940						
6	980						

- a. Complete the table. (ATC: average total cost; AFC: average fixed cost; AVC: average variable cost)
- b. Draw the curves for average fixed cost, average variable cost, and average total cost.

2. What are the three conditions for a market to be perfectly competitive? Give two examples of products sold in perfectly competitive market,

3. Explain whether each of the following is a perfectly competitive market. For each market that is not perfectly competitive, explain why is not.

a. Corn farming

b. Coffee shops

c. Automobile manufacturing

d. New home construction

4. What is a price taker? When are firms likely to be price taker?

5. Give two examples of products sold in oligopoly market.

6. Give two examples of products sold in monopoly market.