

4. Nimbus, Inc., makes brooms and then sells them door-to-door. Here is the relationship between the number of workers and Nimbus's output during a given day:

Workers	Output	Marginal Product	Total Cost	Average Total Cost	Marginal Cost
0	0	0	200	0	0
1	20	20	300	15	5
2	50	30	400	8	3.33
3	90	40	500	5.56	2.5
4	120	30	600	5	3.33
5	140	20	700	5	5
6	150	10	800	5.33	10
7	155	5	900	5.81	20

- Fill in the column of marginal products. What pattern do you see? How might you explain it?
- A worker costs \$100 a day, and the firm has fixed costs of \$200. Use this information to fill in the column for total cost.
- Fill in the column for average total cost. (Recall that $ATC = TC/Q$.) What pattern do you see?
- Now fill in the column for marginal cost. (Recall that $MC = \Delta TC / \Delta Q$.) What pattern do you see?

5. You are the chief financial officer for a firm that sells gaming consoles. Your firm has the following average-total-cost schedule:

Quantity	Average Total Cost
600 consoles	\$300
601	301

Your current level of production is 600 consoles, all of which have been sold. Someone calls, desperate to buy one of your consoles. The caller offers you \$550 for it. Should you accept the offer? Why or why not?

4)

- a. According to the marginal products, it has the maximum at 3 units of worker as it increases. Then, after the 3 units of worker, it started to decrease. It can be explained in the law of variable proportion.
- c. ATC decreases from 1 worker to 5, then after it starts to increase.
- d. MC decreases from 20 units of output to 90 units of output, after 90 units, it increases

5)

$$600 \text{ consoles} \rightarrow 600 \times 300 = 180,000$$

$$601 \text{ consoles} \rightarrow 601 \times 300 = 180,901$$

$$180,901 - 180,000 = \$901 \rightarrow \text{cost to produce}$$

If you accept the offer, you will lose the profit as the cost of another, Additional is higher than the offer.