



1. The accompanying graph (top of next page) summarizes the demand and costs for a firm that operates in a perfectly competitive market.
 - a. What level of output should this firm produce in the short run?
 - b. What price should this firm charge in the short run?
 - c. What is the firm's total cost at this level of output?
 - d. What is the firm's total variable cost at this level of output?
 - e. What is the firm's fixed cost at this level of output?
 - f. What is the firm's profit if it produces this level of output?
 - g. What is the firm's profit if it shuts down?
 - h. In the long run, should this firm continue to operate or shut down?