

2. Assume the above graph depicts a firm that tries to maximize profits or minimize losses. Also assume this firm has a Total Cost Equation of 150 + 20Q + .5Q2, and a demand curve that can be described by the equation P = 60 -1Q Answer the following questions on the above firm, and show your work to receive full credit.

1. How much are the firm’s Fixed Costs?
2. Assuming this firm’s operates at its profit-maximizing output, what is that quantity of output?
3. At its profit-maximizing output, what is the firm’s profit or loss?
4. The firm has a marginal cost equation that is shown above as MC=$20+$1Q. Suppose something happens to cause that equation to change to MC=$22+$1Q. How does this change in the firm’s cost structure impact its profit-maximizing output and price? What practical implications for the firm’s customers does your answer have?