Problem

Given the following total-revenue function:

TR=9Q-Q(2)

1. Derive the total, average, and marginal revenue schedules from Q=0 to Q=6 by 1’s
2. On the same set of axes, plot the total , average, and marginal-revenue schedules of part (a)

c) Then draw on the same set of axes the marginal-revenue curve derived in part 1 and the marginal-cost curve derived in problem 7, and use them to explain why the best level of output of the firm is 3 units.

d) Explain why your answer to part (a) is an example of marginal analysis and optimizing behavior in general.

Problem 7

Given the following total-cost schedule:

Q 0 1 2 3 4

TC 1 12 14 15 20

Derive the average and marginal-cost schedule