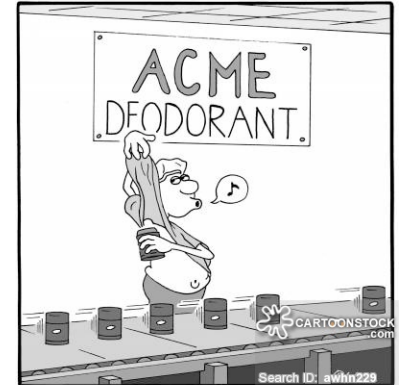


Marginal Product of Labor

Labor (Number of workers)	Output (Beanbags per hour)	Marginal Product of Labor
0	0	----
1	4	
2	10	
3	17	
4	23	
5	28	
6	31	
7	32	
8	31	



At _____ workers, this firm has a situation of _____.

As each additional worker is hired, the cost of production must be taken into consideration.

_____ *is the #1 cost of production in the United States.*

Fixed Cost – A cost that _____ change with quantity produced.

- 1.
- 2.
- 3.
- 4.

Variable cost – A cost that _____ depending on the amount produced.

- 1.
- 2.
- 3.
- 4.

Fixed costs and variable cost = Total Costs

Directions: Find the profit for Cooper’s Surf Shop. (HINT: First find the total revenue and then subtract the costs from that)

Total Revenue

– Total Cost (fixed and variable costs)

TOTAL PROFIT

	Revenue	Variable Costs	Fixed Costs
	150 shirts @ 12.50 ea.	\$110.00 Heating bill	\$800. monthly rent
	675 bathing suits @ 12.50 ea.	\$68.00 electricity	\$110.00 monthly property tax
	39 surf boards @ 399.00 ea.	\$1,000.00 hourly employees	\$40.00 monthly insurance
	365 sandals @ 12.00 ea.	\$250.00 Summer sale signs	\$135.00 accountant
	450 board shorts @ 36.00 ea.		\$1,500.00 salaried manager
	120 bodyboards @ 175.00		
Totals			

Total Profit = _____