

Cost Curves Lab

1. Discuss Question #3 from the book within your team and present your decisions to the class.
2. For the Cost curve defined by: $4Q^2 + 27Q + 400$
 - a. Use Excel to create a spreadsheet table for Q , TFC, TVC, TC, AFC, AVC, AC, and MC for values of Q from 0 through 15. Compute MC by differences and exactly using the derivative.
 - b. Plot the total curves.
 - c. Plot the average and marginal cost curves.
3. Use the Cobb-Douglas production function from the Production lab to estimate short-run cost curves. Fix capital at some midpoint value and assume that capital costs \$200 per unit. Assume that labor costs \$32 per unit.