

Microeconomics II

Homework 4

A competitive firm has the following short-run cost function: $c(y) = y^3 - 8y^2 + 30y + 5$.

- (a) Find the marginal cost function.
- (b) Find the average variable cost function
- (c) Draw the above two curves on the same graph.
- (d) Derive the firm's supply function and draw its graph.
- (e) What is the shut-down price, i.e. the price at which the firm supplies zero.