

Name:
Section 4.5
Math 151

1. You are a manager of a firm that sells slippers for \$20 a pair. You are producing 1200 pairs of slippers each month at an average cost of \$2 each. The Marginal cost at a production level of 1200 is \$3 per pair.

(a) Are you making or losing money?

(b) Will increasing production increase or decrease your average costs? Your profit?

(c) Would you recommend that production be increased or decreased?