**Production and Costs**

|  |  |
| --- | --- |
| **Short Run** | **Long Run** |
| **Definition** | **Definition** |
| What happens to output in the short run? (include a technical definition in your explanation) | What happens to output in the long run (think about inputs to outputs) |
| Short run cost curves | Long run cost curves |
| Explanation of why short run costs curves are shaped this way | Explanation of why long run cost curves are shaped this way |

**Relationship between output and costs (short run)**

|  |  |
| --- | --- |
| **Average and marginal product curves** | **Average and marginal cost curves** |
|  |  |
| Explanation of shape | Explanation of shape (what are the crucial things to remember when drawing?) |

**Link between short run cost curve and long run cost curve**

|  |  |
| --- | --- |
| **Short run cost curve** | **Long run cost curve** |
|  |
|  |

**Revenue**

|  |  |
| --- | --- |
| **Revenue curve (assumption firm receives same price per unit sold)** | **Revenue curve firm (assumption firm can only sell more units if it lowers the price)** |
| **Total revenue curve** | **Total revenue curve** |
| **Marginal and average revenue curves** | **Marginal and average revenue curves** |

**Useful formulae/definitions**

|  |  |
| --- | --- |
| **Fixed Cost** |  |
| **Average fixed cost** |  |
| **Variable cost** |  |
| **Average variable cost** |  |
| **Total cost** |  |
| **Average cost** |  |
| **Marginal cost** |  |
| **Revenue** |  |
| **Total revenue** |  |
| **Marginal revenue** |  |