

Solutions

Each answer shows the steps, then the **result**.

2.1

- in the short run at least one input is fixed; in the long run all inputs are variable

2.2

- $MP = \frac{\Delta TP}{\Delta L} = \frac{26 - 20}{1} = 6$ units

2.3

- as more of a variable input is added to fixed inputs, its marginal product eventually falls

3.1 B

3.2 B

3.3

(a)

- $30 - 22 = 8$ units

(b)

- $34 - 30 = 4$ units

(c)

- yes — marginal product is falling