Describe the relationship between Marshall's analysis, and those of Ricardo and of Jevons/Menger/Walras.	Ricardo believed the supply line was a horizontal, perfectly elastic line because all supply focused on was cost of production. Marshall believed this would happen in the long run. Jevons, Menger, and Walras believed the supply line was vertical, fixed by the quantity available in the market (market price is determined by the level of demand). Marshall called this the market period condition. The median between these is the short run. Marshall found it was the interaction of supply and demand conditions that determines price.
Explain the point Marshall is making when he writes "We might as reasonably dispute whether it is the upper or the under blade of a pair of scissors that cuts a piece of paper, as whether value is governed by utility (demand) or cost of production (supply)."	Neither one determines the price; it is a combination of the two; both play a role.
Draw a generic marginal product curve. (pg 88)	
Assuming a constant input cost, explain how the marginal cost curve is derived from the marginal product curve.	The marginal productivity curve increases at first. If productivity increases, each successive unit costs less since more are being made. Once marginal productivity starts to decrease, marginal cost increases because less units are being made therefore each successive unit costs more. (it is the marginal product curve flipped/reflected upside down)
Identify the level of productivity an input has achieved when the marginal cost of the product it is making is at its lowest level.	The marginal cost is at its lowest when marginal production is at its highest.
Identify the level of cost a production process has achieved when the marginal productivity of the variable input is at its highest level.	The marginal cost is at its lowest when marginal production is at its highest.

Demonstrate that the upward sloping section of the firm's marginal cost curve is its supply line.	The firm determines its quantity supplied by identifying at what quantity the price equals the marginal cost. The upward sloping part of the MC curve tracks the quantity the firm will supply as the market price rises or falls, (tells them when to stop producing supply) so this section of the MC curve is the firm's supply line.
Describe the costs that go into the cost structure represented by the marginal cost line.	All costs that go into running a business; examples: phone, electricity, insurance
Define normal return. Describe and explain with an example.	What the owner of a business pays his or herself to make it worth staying in business (after paying everyone else), just enough to beat the opportunity cost (using your resources in someone else's business instead of your own) need to make this to stay in business and if you can't, you should work for someone else; ex- you own a toy making company. A normal return would be paying yourself on top of being able to cover all costs and playing all employees (it is built into the marginal cost curve because it is an essential part of the firm's costs)
Describe the condition of a firm that is just covering the costs embodied in the marginal cost curve.	This is just enough revenue to cover all costs and stay in business; this means a profit of zero
Identify the variables that go into a firm's cost structure. Explain the relationship between these variables and the shift variables of the firm's supply line.	1) The price of inputs into production (when this goes up, cost structure goes up) 2) The level of technology (when this goes up, cost structure goes down) 3) The environment of production (bad conditions, cost structure goes up, good conditions cost structure goes down) If one of these changes, it changes the level of cost structure and thus the level of the MC curve; higher cost structure shifts MC up and lower cost structure shifts MC down
Write out the functional form of a firm's supply relationship. Identify each variable.	Q1^S=S1 (p1 | pI, Tech., Env.) PI: price of inputs Tech: level of technology Env: environment of production

Cite a case of a change in input costs for a firm and describe how the firm's cost structure and supply line would change as a consequence.	Ex- the price of gasoline rises for a trucking company so the whole cost structure of the firm goes up (costs more to produce); it causes the supply line to shift up because for any given quantity, it costs more at the margin to produce it; when cost goes down the cost structure decreases and the supply line would shift down
Cite a case of changing technology for a firm and describe how the firm's cost structure and supply line would change as a consequence.	Ex- technology improves, making production easier and the cost of production goes down; this lowers the overall cost structure and shifts the supply line down; if there is not an improvement in technology, the opposite occurs
Cite a case of a change in environment of production for a firm and describe how the firm's cost structure and supply line would change as a consequence.	Ex- agriculture and weather is bad, hurting the apple crop, the output per unit of cost is down due to bad environmental conditions so there is a rise in cost of production per unit output and thus the supply line shift up (because the supply is decreased) and cost structure goes up; opposite if the weather is good, producing a good crop
Describe the relationship between the firms' supplies for a given good or service and the market supply for that good or service.	Market supply for a good or service is the sum of all the individual firms' supplies for that good or service; at any given price, the market quantity supplied is the sum of the individual firms' quantities supplied at that price (creates the market supply line)
Given several firm's supply lines, construct the market supply line.	Add all individual supply lines together to get the market supply line (ex-when candy bars are at a $5 price, and each of three firms supply 4 each, the market quantity supplied for candy bars at $5 is 12 bars); simply add total amount supplied by all firms at a given price
Comment on the following statement: Market supply movements depend on the net effect of all the firms' changes. Identify the sources of such changes. Note whether these are the only determinants of the market level of supply. If not, identify another source of market supply shifts.	Market supply is determined by the net effect of all of the firms supplying goods and services because the market supply is the sum of all the individuals. The sources of the changes are input prices, technology and environment of production. (net effect of all of these individual changes)