

Figure 7-1: Supply shift with perfectly elastic demand

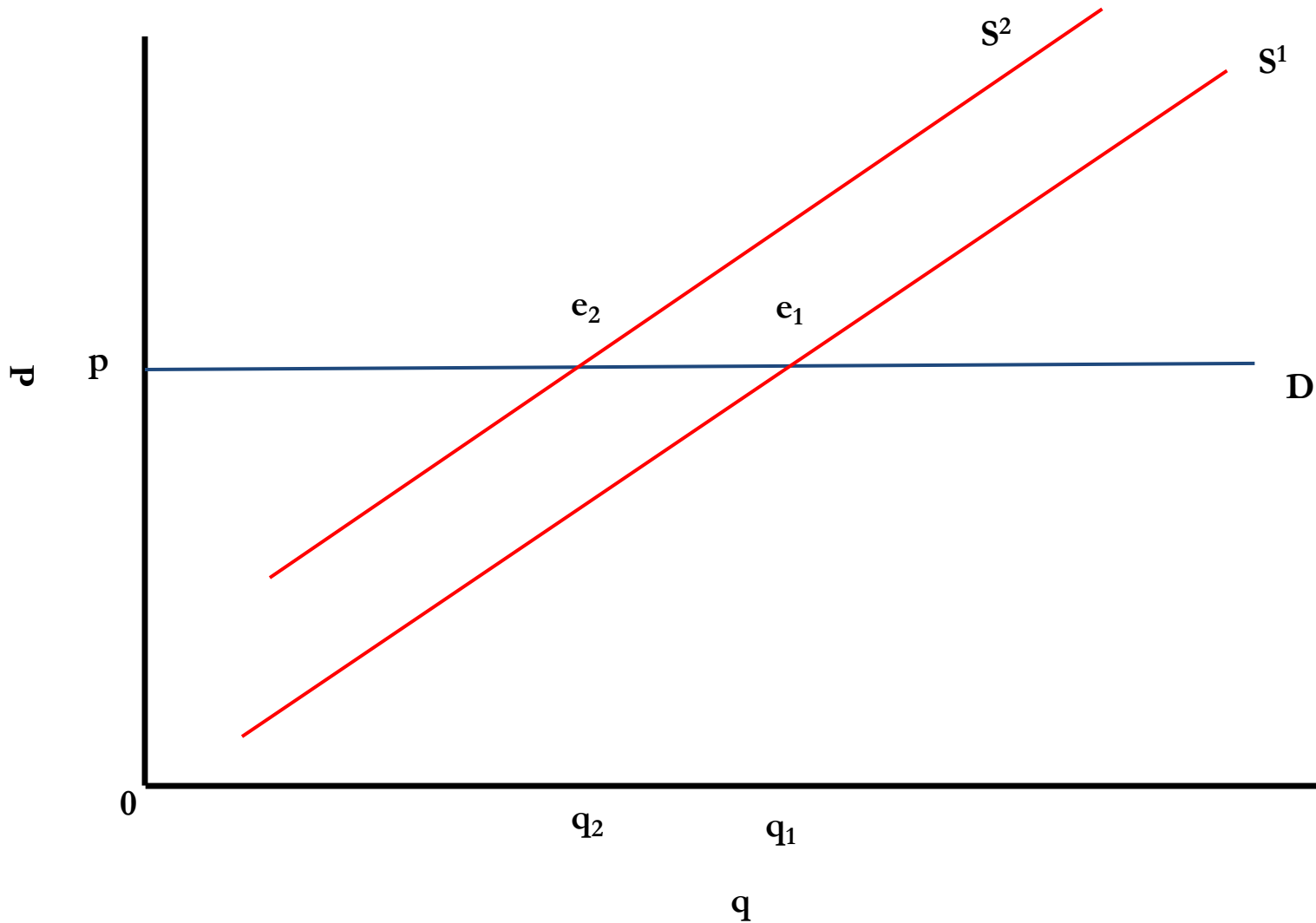
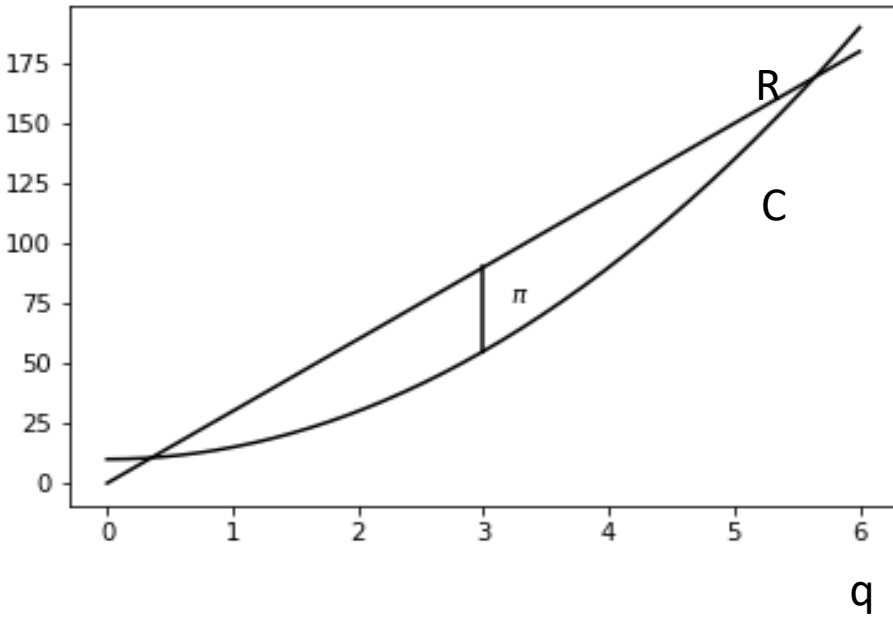
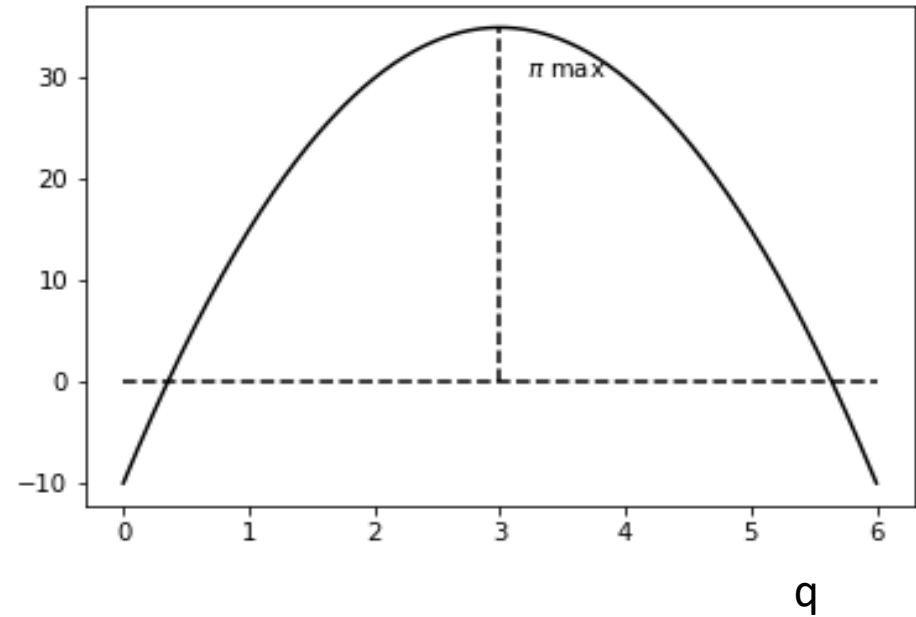


Figure 7-2: Profit maximization

Cost function: $C(q)=10+5q^2$



Profit maximization



$$MC=C'(q) = 10q, \text{ price} = 30$$

Figure 7-3: Cost curves for $C=10+5q^2$

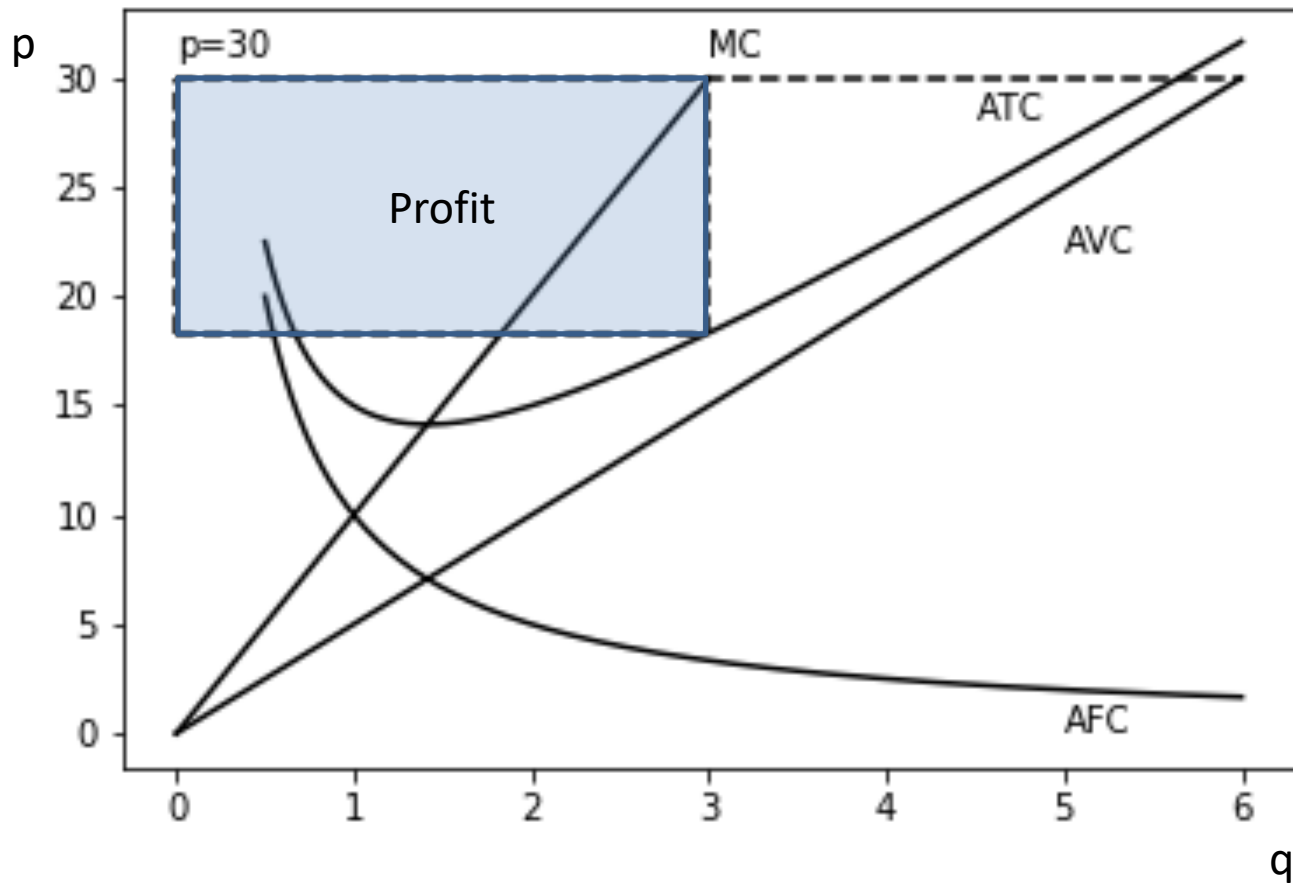


Figure 7-4: Cost curves with tax

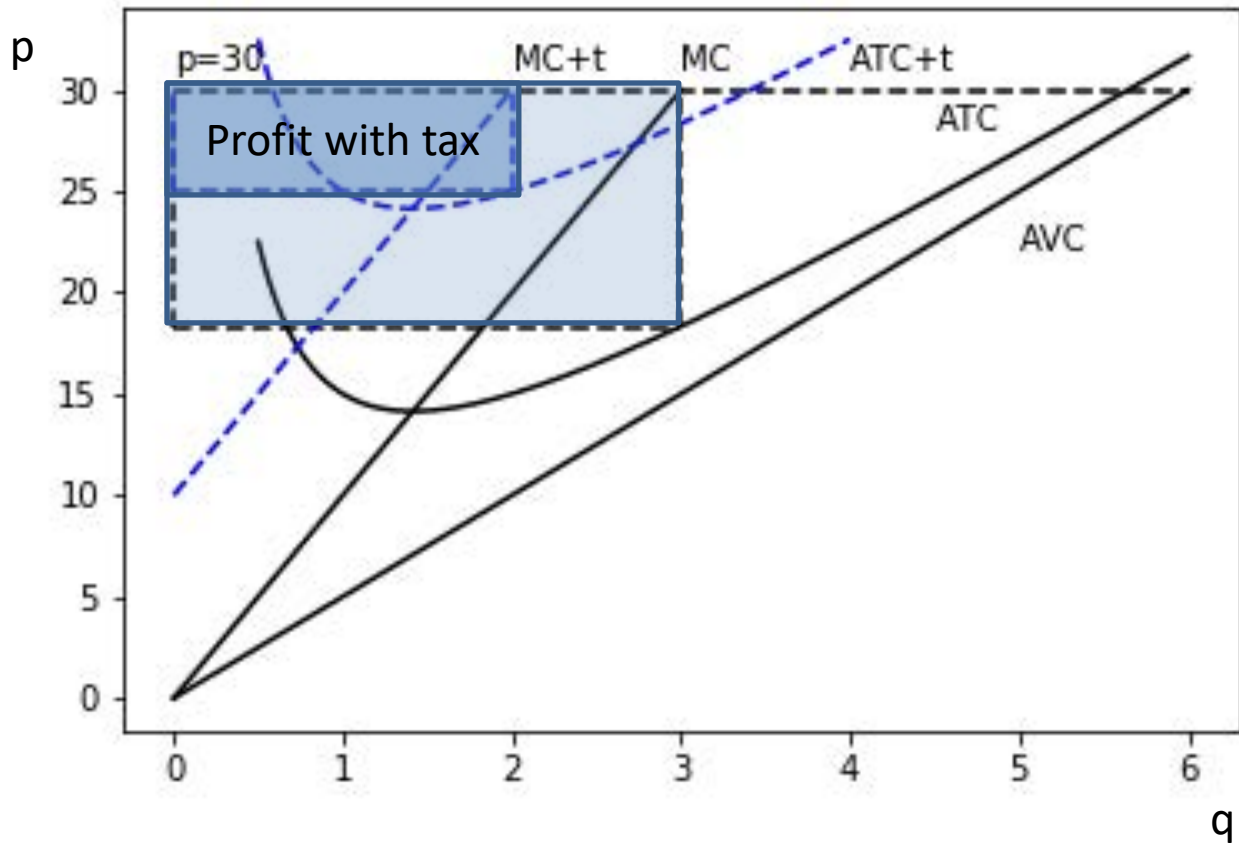


Figure 7-5: The firm's supply decision

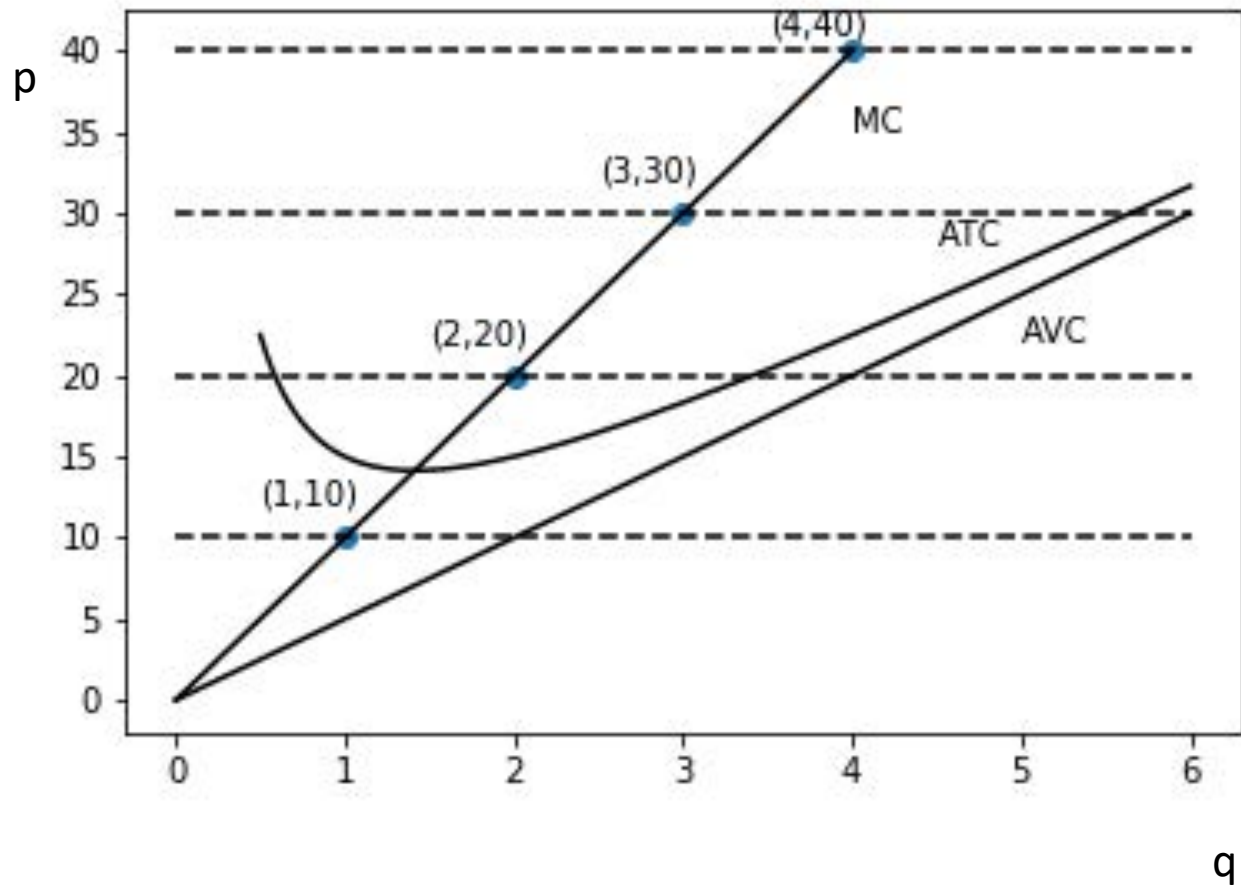


Figure 7-6: Short-run firm supply curve

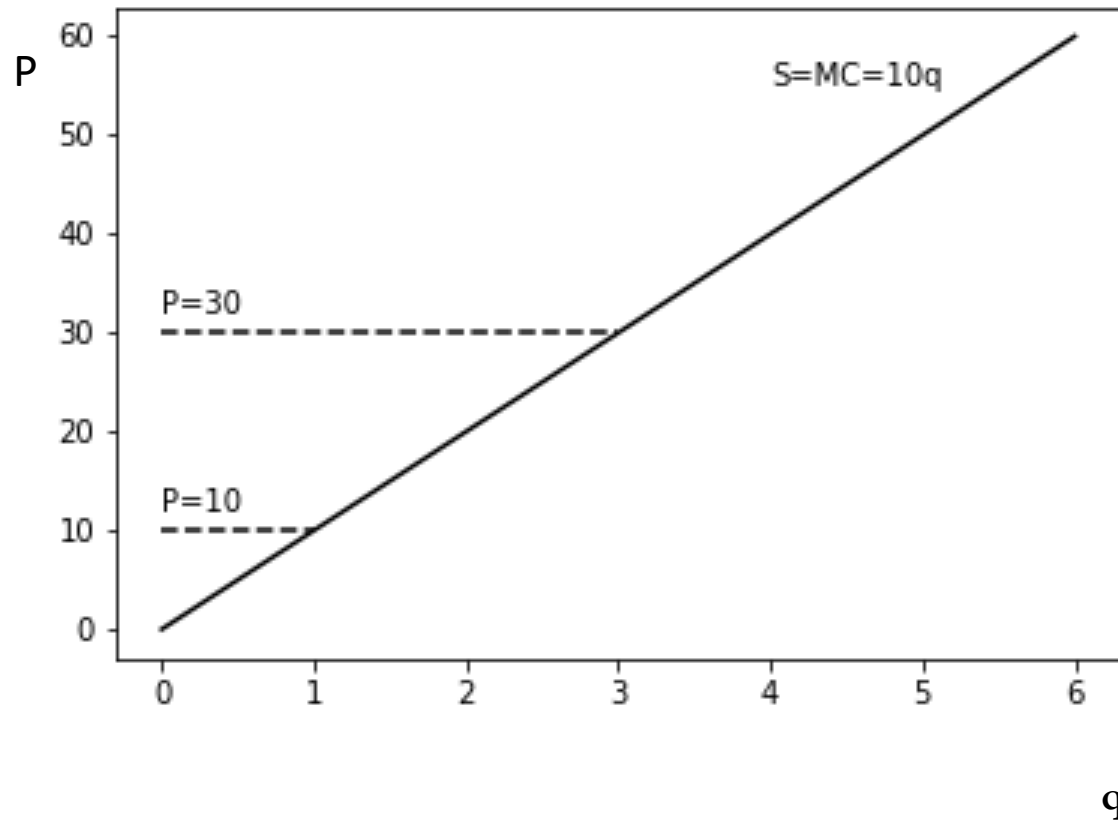
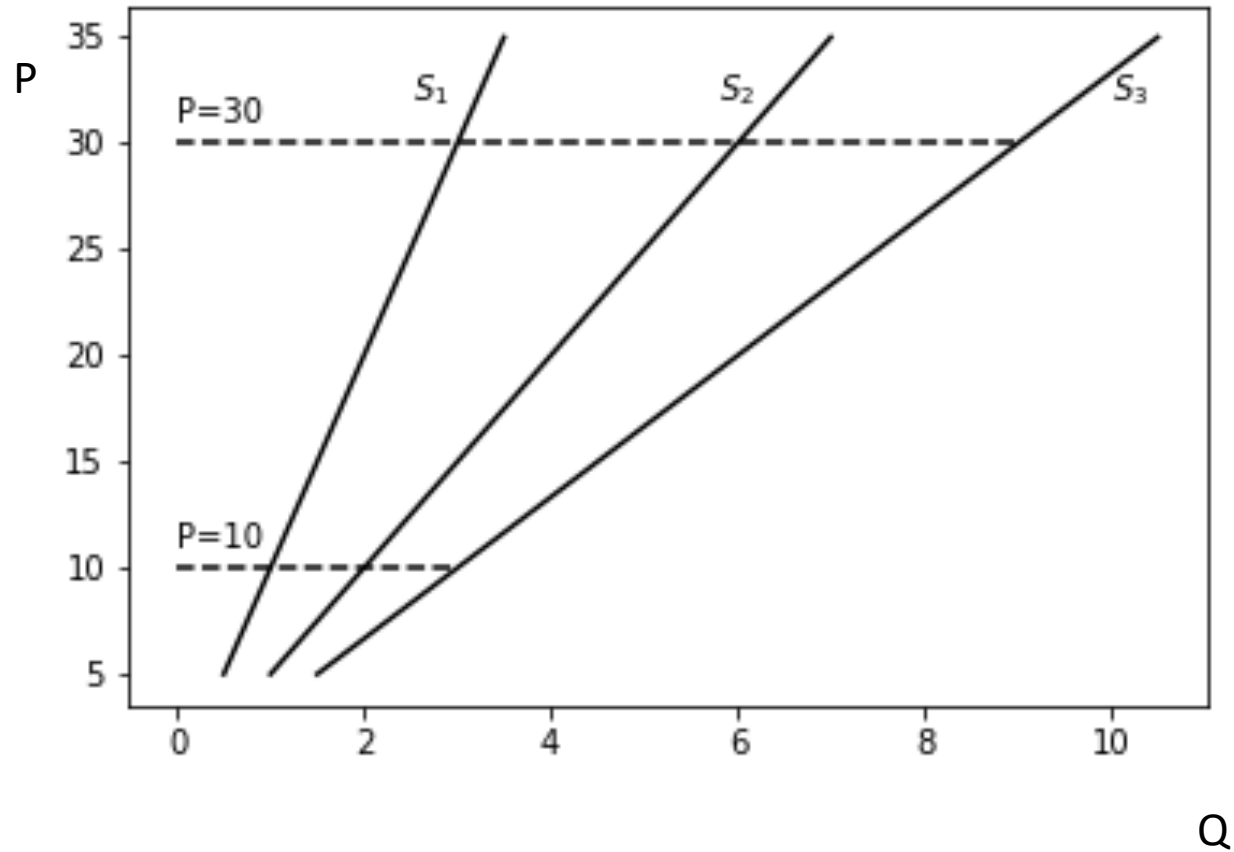


Figure 7-7: Short-run market supply curve



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