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Write in the box the number of the question you are answering on this page as it is designated in the examination.

- a) perfectly competitive - the firm can sell all it wants at \$20, meaning it's a price taker
- b) perfectly competitive - the firm can ~~add~~ hire all the workers it needs at \$120, meaning ^(workers) they are wage takers
- c) The 3rd worker allows the firm to produce an extra 20 shirts per day (45-25). Each can be sold at \$20, for an MRP of $20 \times 20 = \$400$.

(1)	(2)	(2) x \$20		
d) Number of Workers	# Shirts/Day	TR	MR	MC
0	0	0		
1	10	\$200	\$200	\$120
2	25	\$500	\$500	
3	45	\$900	\$400	
4	60	\$1200	\$300	
5	72	\$1440	\$240	
6	80	\$1600	\$160	
7	85	\$1700	\$100	
8	82	\$1640	-\$60	↓

Profit is maximized when $MR = MC$. The closest is when there are 6 workers, with $MR = \$160$, $MC = \$120$. The $MR > MC$, as opposed to 7 workers when $MR < MC$. Since the firm can't hire part of a worker, it should settle on when MR is greater than MC.