Important Definitions

Cost Concepts

AFC = Average Fixed Cost = \( \frac{TFC}{Output} \)

ATC = Average Total Cost = AVC + AFC = \( \frac{TC}{Output} \)

AVC = Average Variable Cost = \( \frac{TVC}{Output} \)

MC = \( \frac{\Delta TC}{\Delta Q} \) or \( \frac{\Delta TC}{\Delta Output} \)

MIC = \( \frac{\Delta TC}{\Delta Input} \) = Price of Input

TC = Total Cost = TVC + TFC

TFC = Total Fixed Cost = Price of fixed input times its quantity

TVC = Total Variable Cost = Price of variable input times quantity of Variable Input

Production Concepts

APP = \( \frac{TPP}{Input (Variable factor)} \)

MPP = \( \frac{\Delta TPP}{\Delta in Input} \)

TPP = Quantity of Output = Total Physical Product

Value Concepts

MR = \( \frac{\Delta TR}{\Delta in Output} \)

MVP = \( \frac{\Delta TVP}{\Delta in Input} \) = MPP times Price of output

TR = Price of Output times Output = P times Q

TVP = TPP times Output Price

AVP = APP times Price of Output