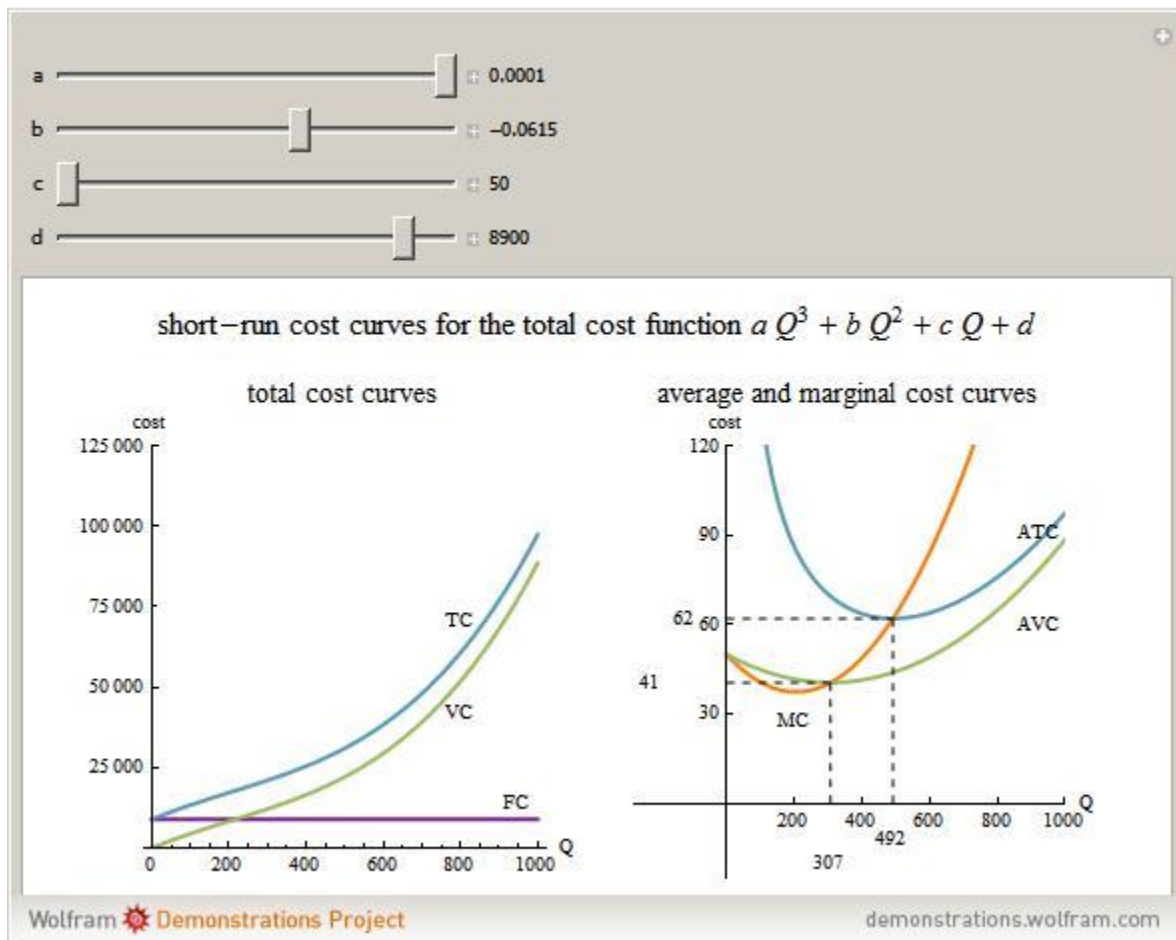


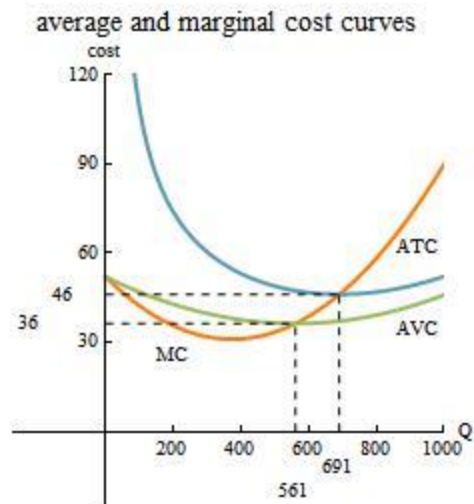
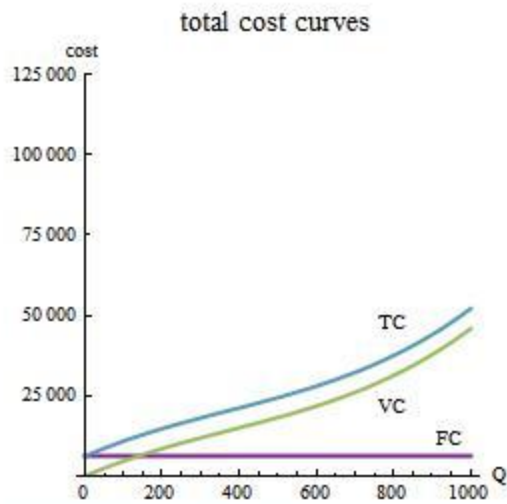
Short-Run Cost Curves



The cubic cost function showcases the features of short-run cost curves that are commonly illustrated in most microeconomics texts. The marginal cost function is quadratic, which implies that there is a range where marginal costs are briefly falling before turning upward. Average costs are U-shaped, and the marginal cost curve intersects the average cost curves at their respective minimum points. In the competitive model of the firm, the minimum average variable cost is termed the "shutdown point" because a firm will not produce in the short run if price is below average variable cost. The minimum average total cost is the "breakeven point" because if price equals average total cost the firm earns zero economic profit.

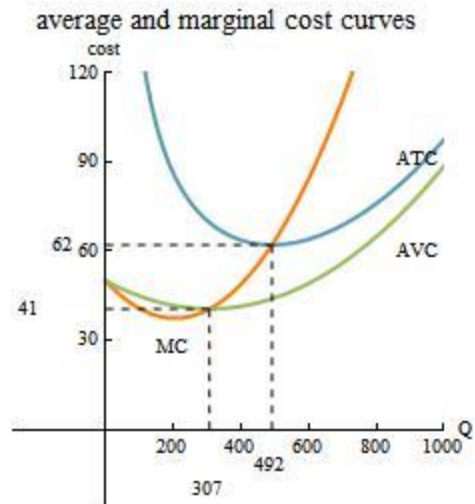
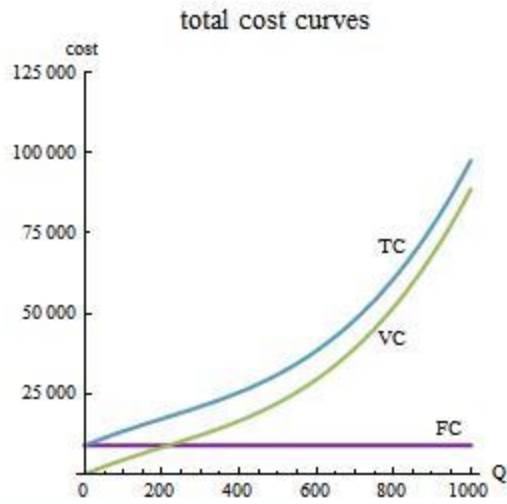
- a
- b
- c
- d

short-run cost curves for the total cost function $aQ^3 + bQ^2 + cQ + d$



- a
- b
- c
- d

short-run cost curves for the total cost function $aQ^3 + bQ^2 + cQ + d$



- a
- b
- c
- d

short-run cost curves for the total cost function $aQ^3 + bQ^2 + cQ + d$

