

## Module 55 Firm Costs

### Numerical Example: Marginal and average cost

Assume the fixed cost of this company is \$30.

The variable input is labor; as more toys are produced, variable costs rise as more labor is hired.

Quantity of toys produced	Variable costs of production	Fixed costs of production (per hour)	Total costs of production (VC+FC)
0	0	\$30	\$30
1	\$10	30	40
2	25	30	55
3	45	30	75
4	70	30	100
5	100	30	130
6	135	30	165

**Class Activity:** Given in the information in the table, calculate Average variable cost, Average fixed cost, Average total cost, and Marginal cost of production.