

MACROECONOMICS

second edition



STEPHEN D. WILLIAMSON

Chapter 4

Consumer and
Firm Behavior:
The Work-Leisure
Decision
and Profit
Maximization

Figure 4.1 Indifference Curves

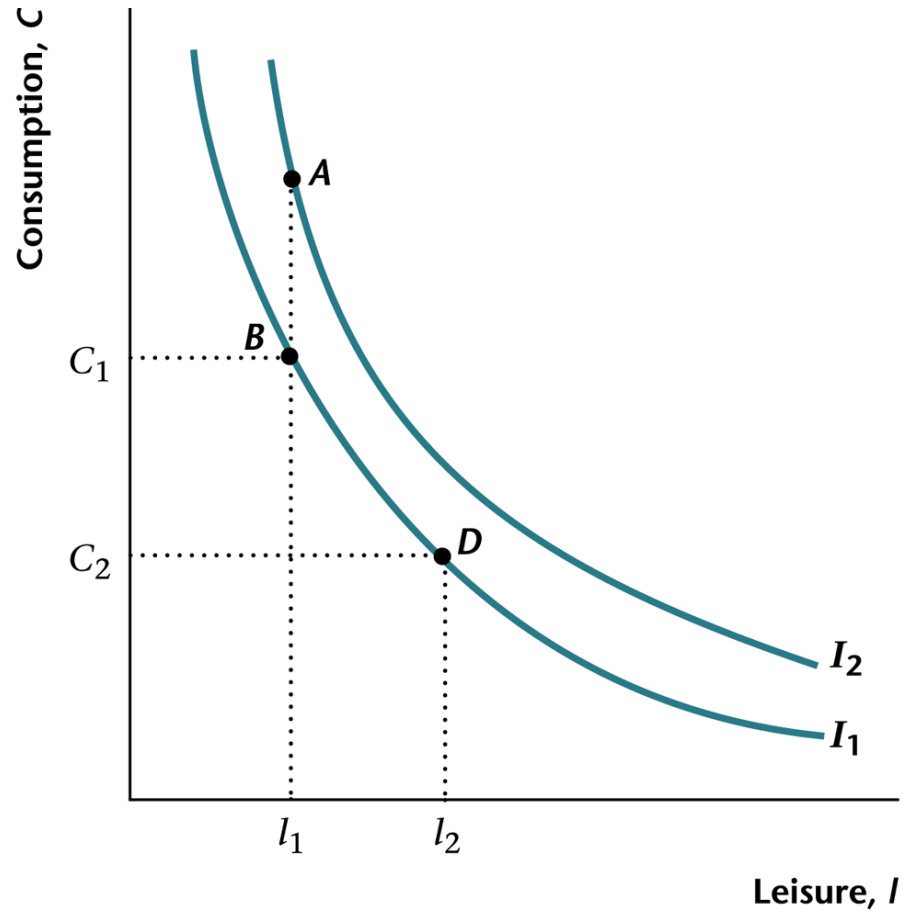


Figure 4.2 Properties of Indifference Curves

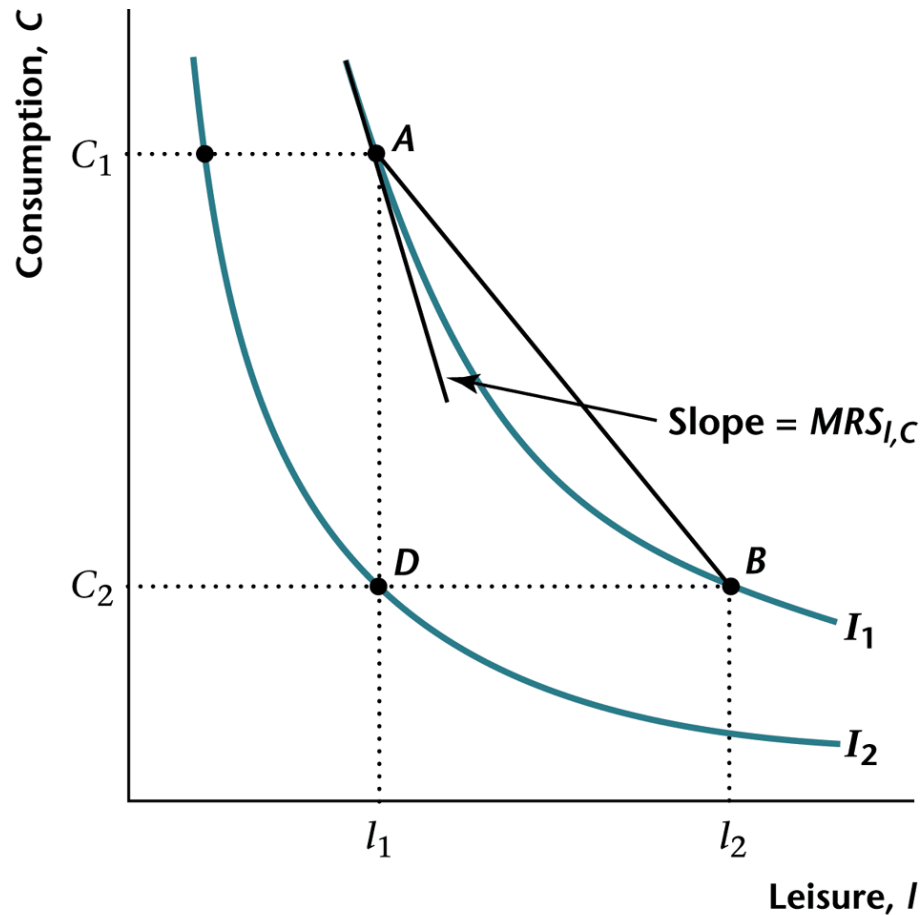


Figure 4.3 Representative Consumer's Budget Constraint ($T > \pi$)

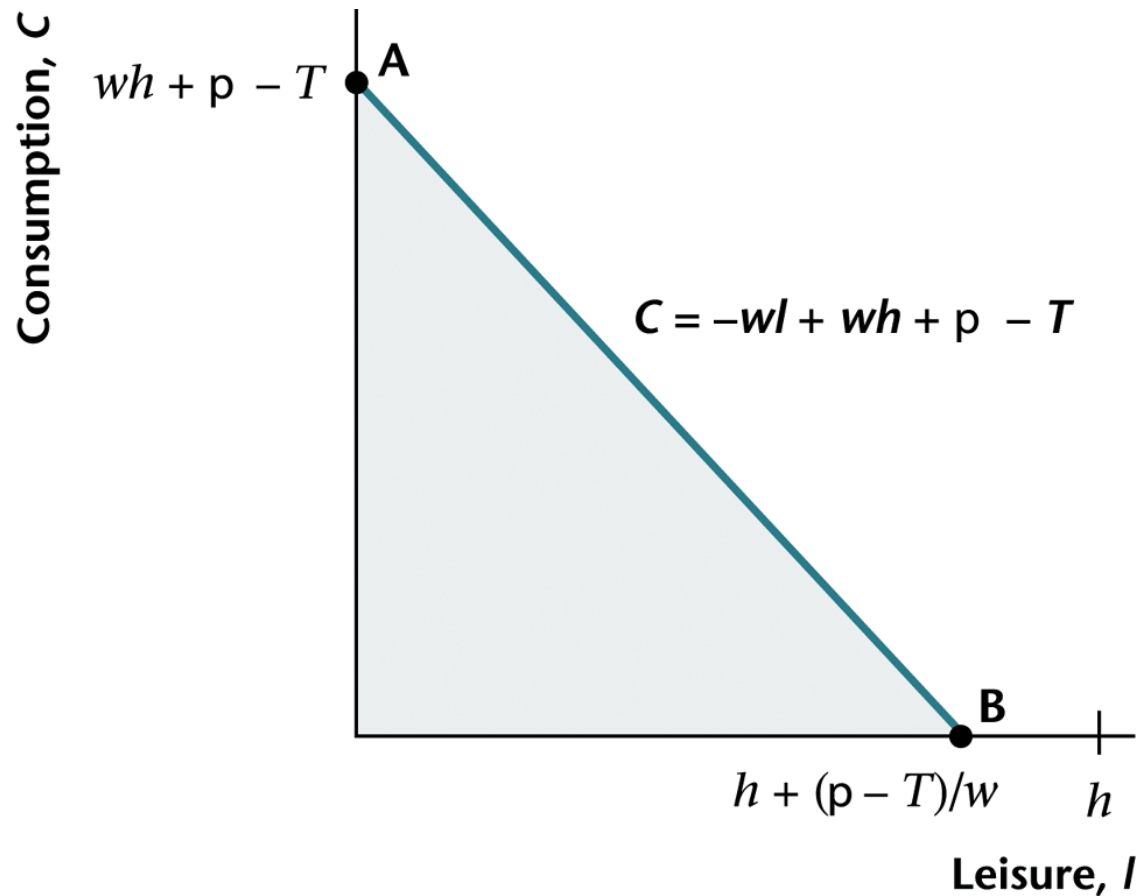


Figure 4.4 Representative Consumer's Budget Constraint ($T < \pi$)

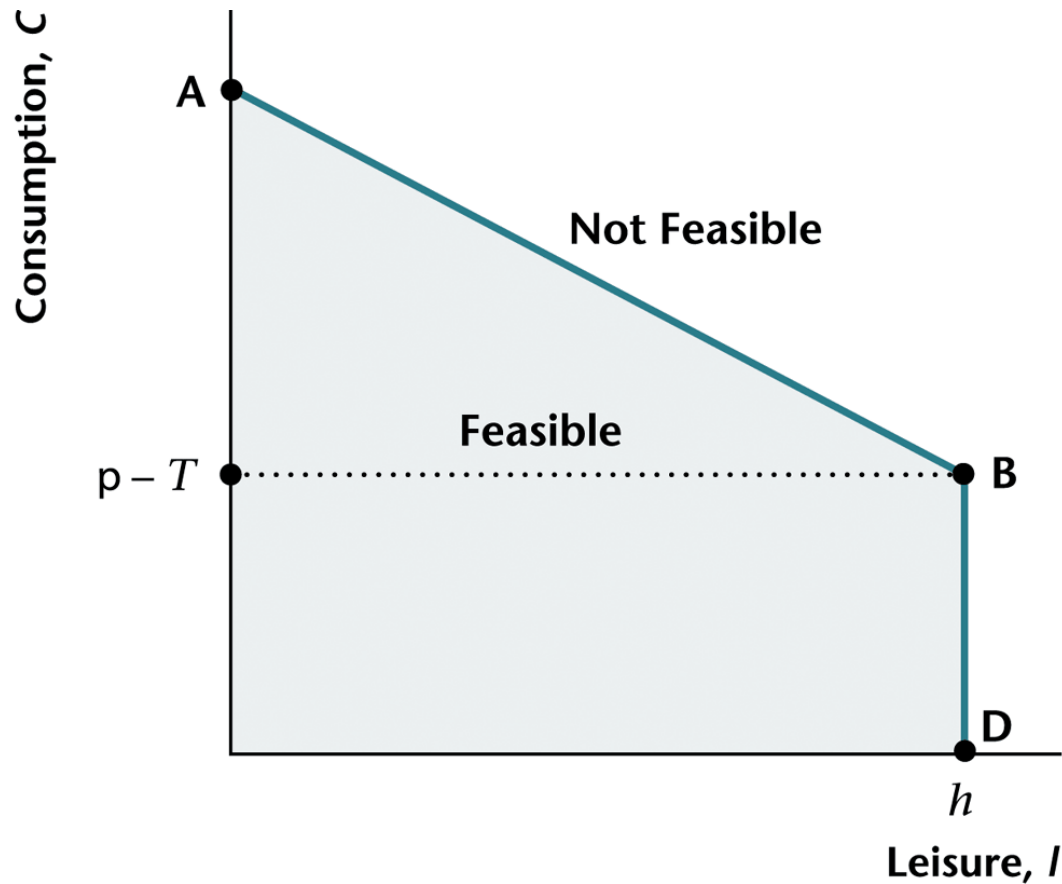


Figure 4.5 Consumer Optimization

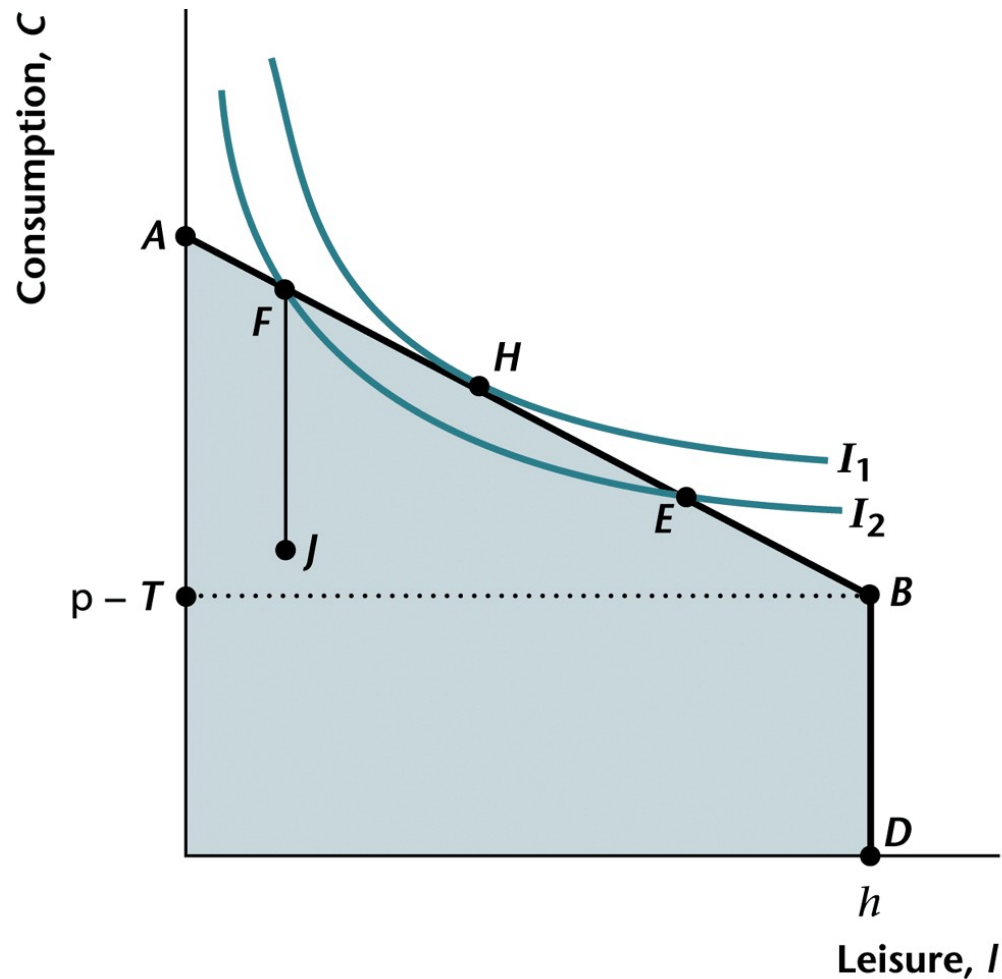


Figure 4.6 The Representative Consumer Chooses Not to Work

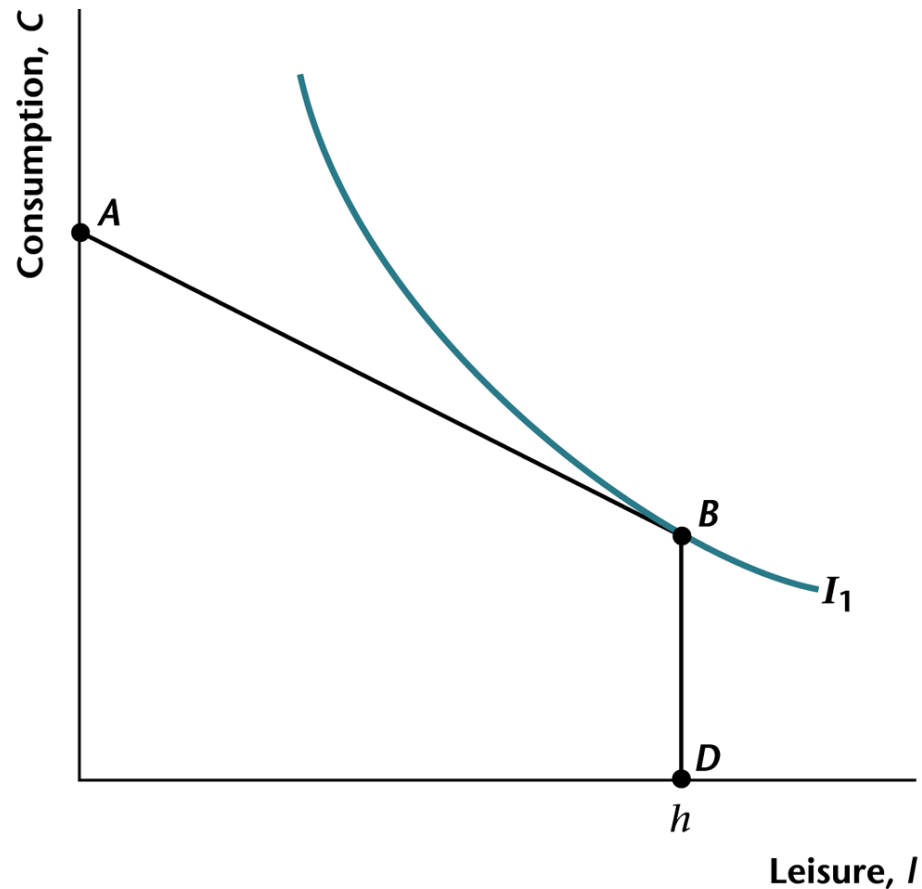


Figure 4.7 An Increase $\pi - T$ for the Consumer

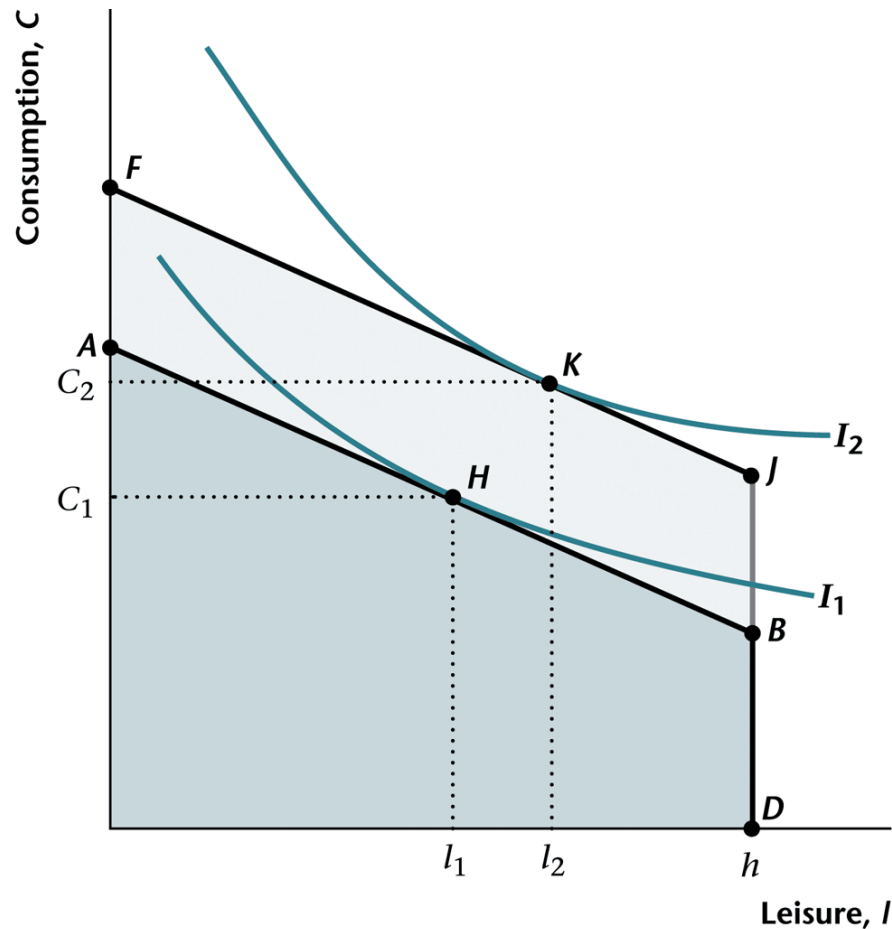


Figure 4.8 Increase in the Real Wage Rate—Income and Substitution Effects

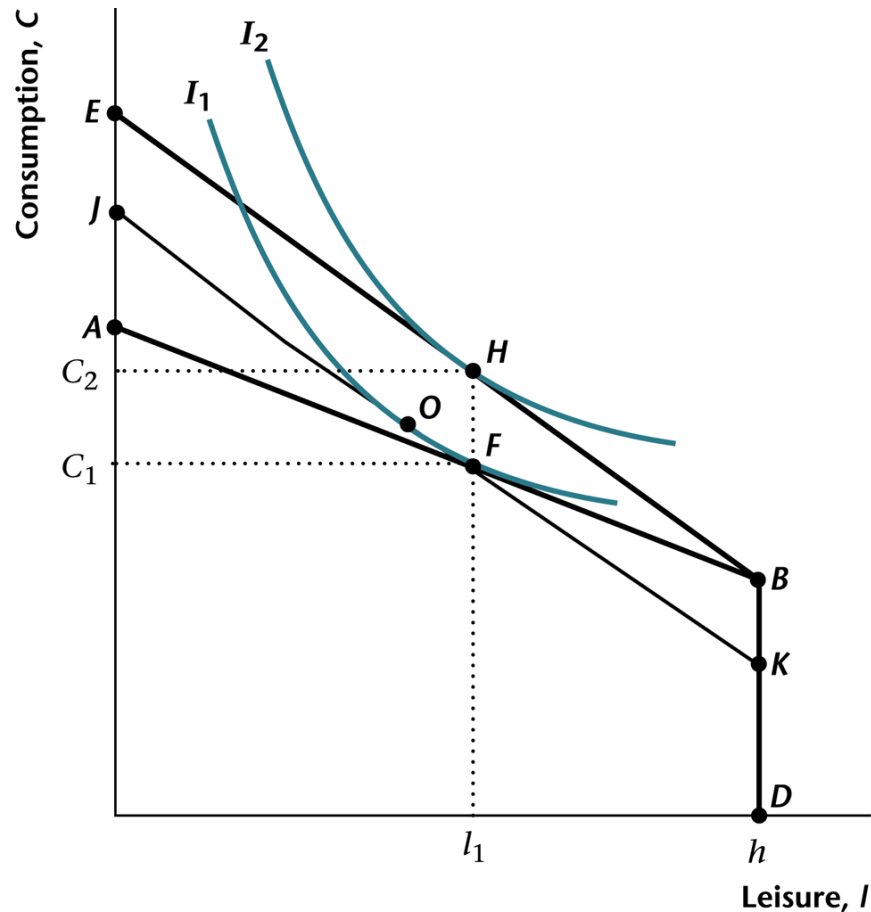


Figure 4.9 Labor Supply Curve

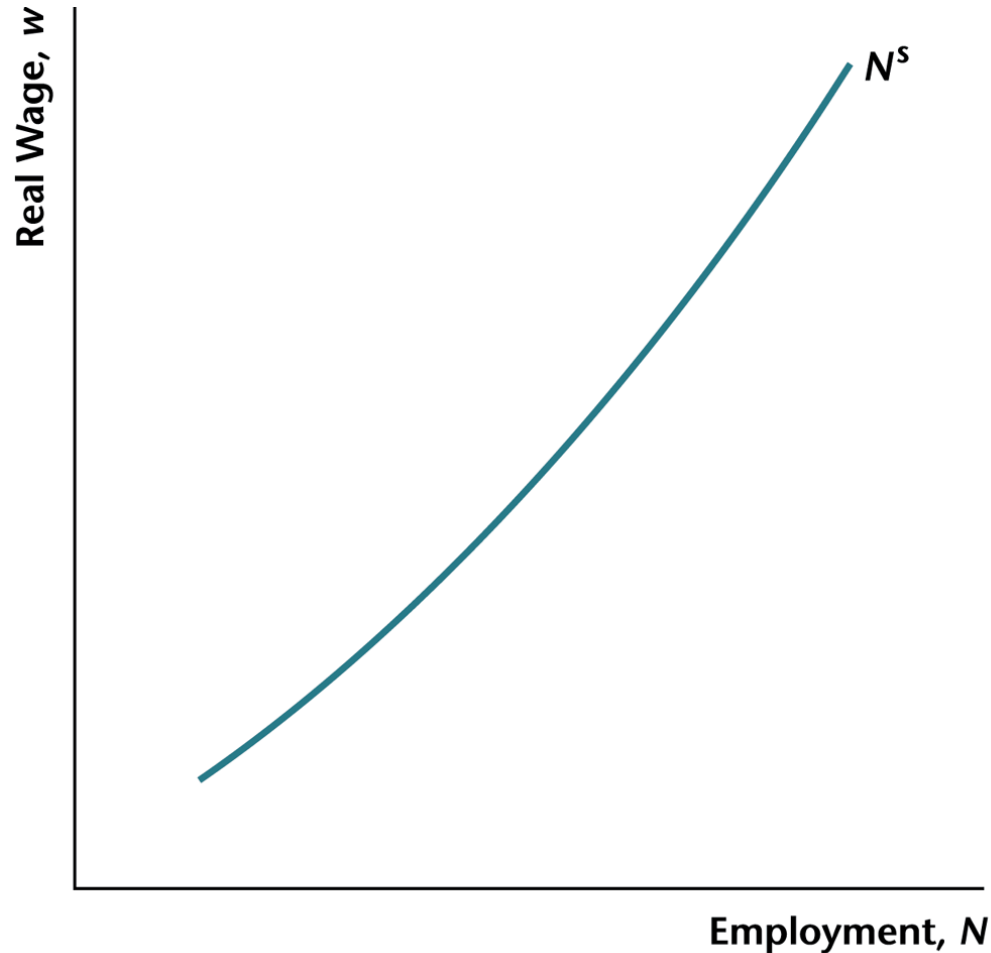


Figure 4.10 Effect of an Increase in Dividend Income or a Decrease in Taxes

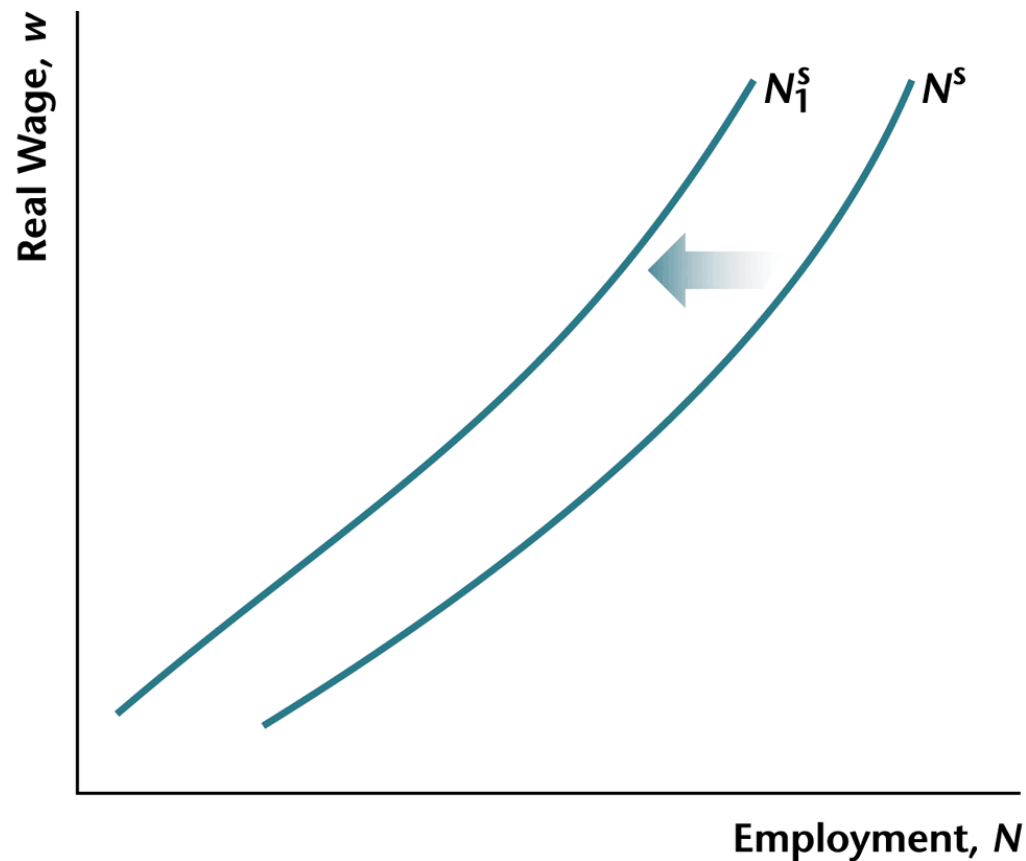


Figure 4.11 Perfect Complements

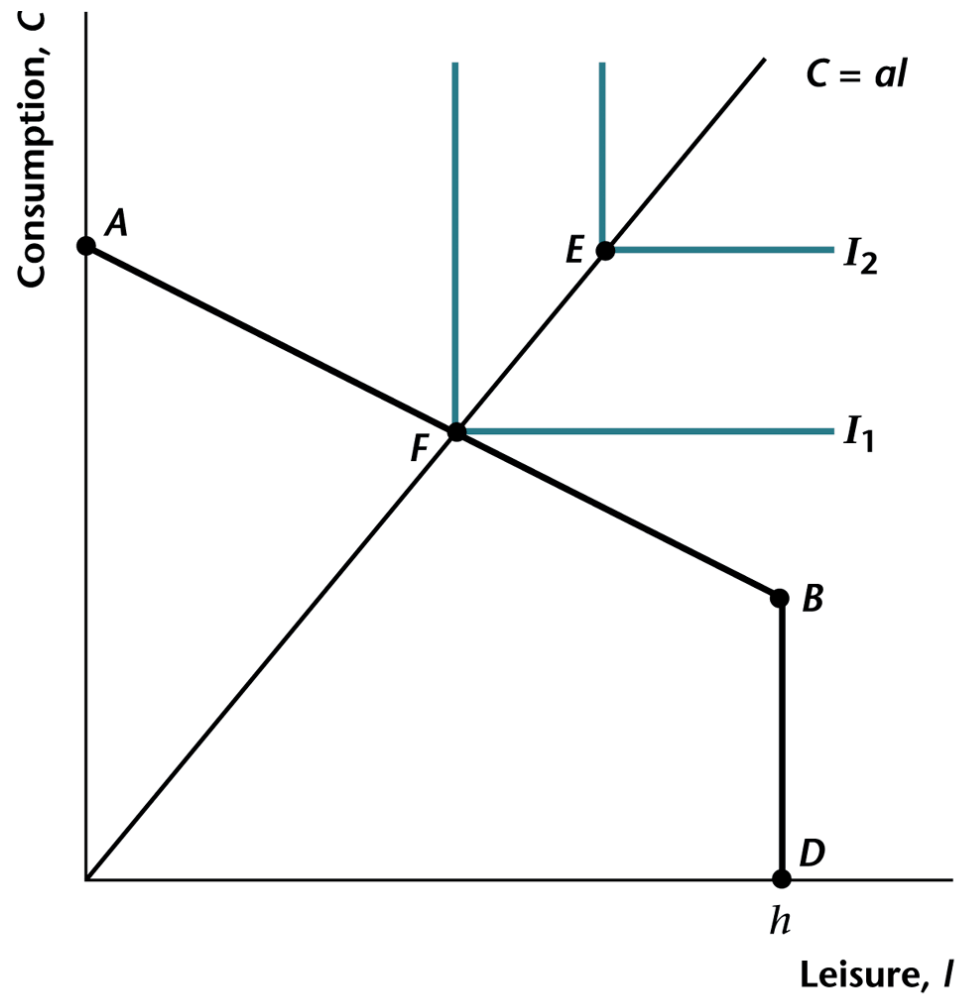


Figure 4.12 Real Wage in the United States, 1980–2003

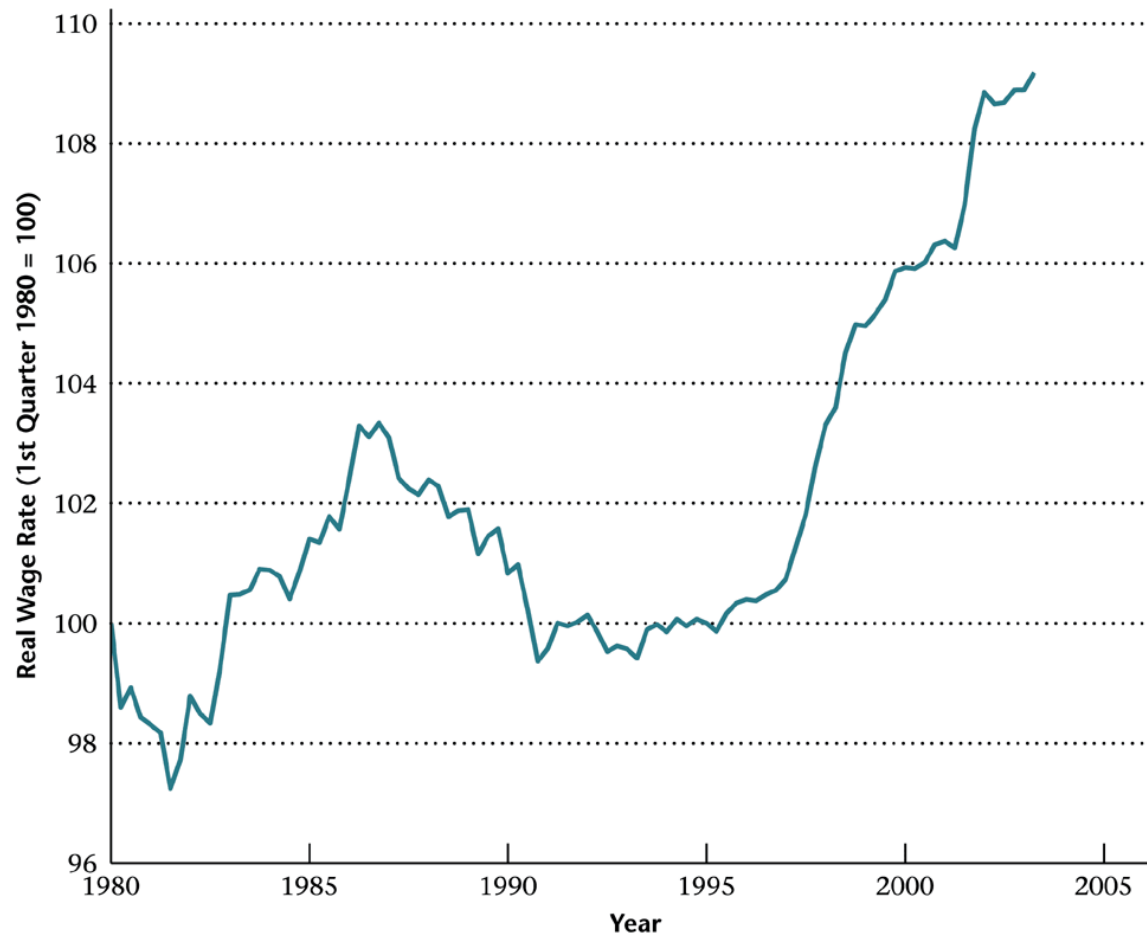


Figure 4.13 Average Weekly Hours in the United States, 1980–2003



Figure 4.14 Production Function, Fixing the Quantity of Capital and Varying the Quantity of Labor

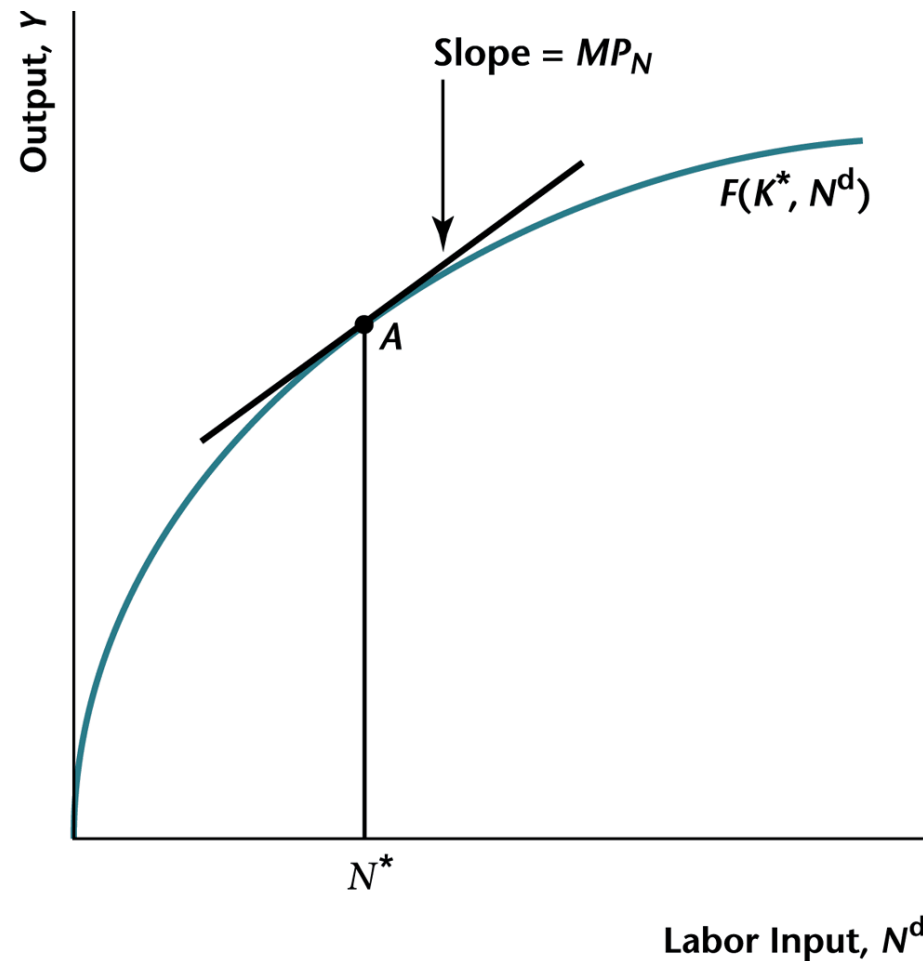


Figure 4.15 Production Function, Fixing the Quantity of Labor and Varying the Quantity of Capital

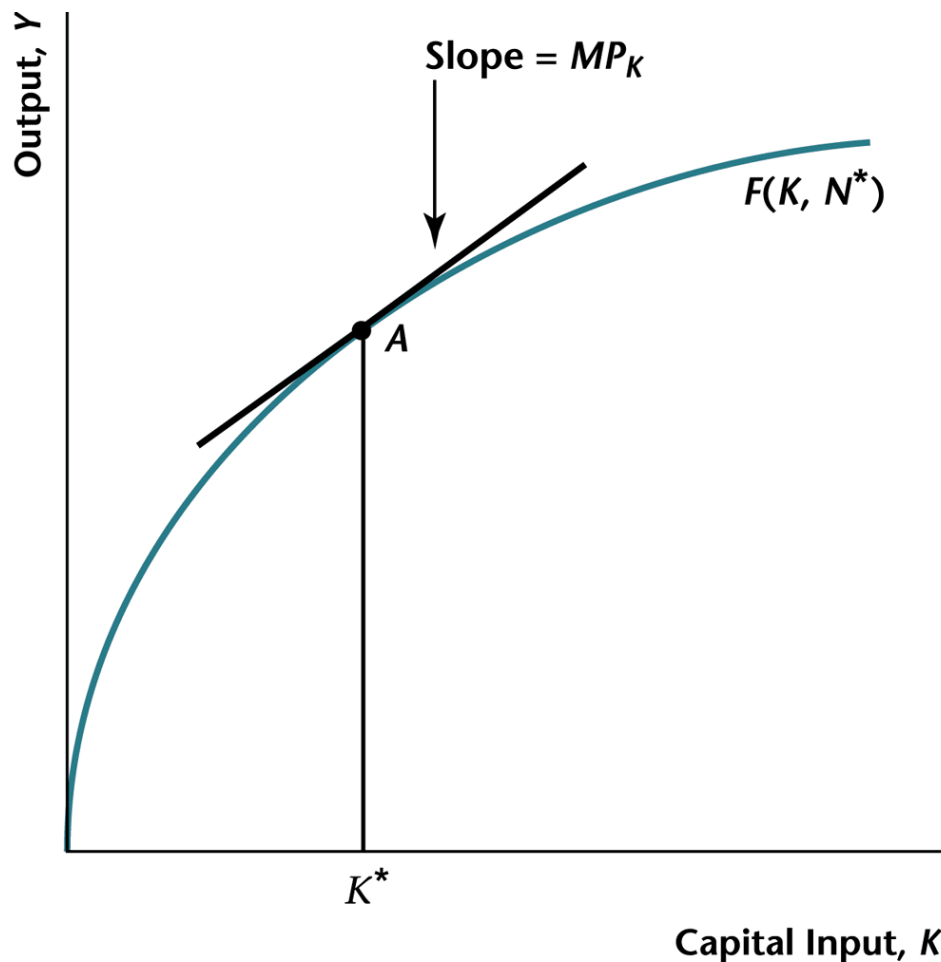


Figure 4.16 Marginal Product of Labor Schedule for the Representative Firm

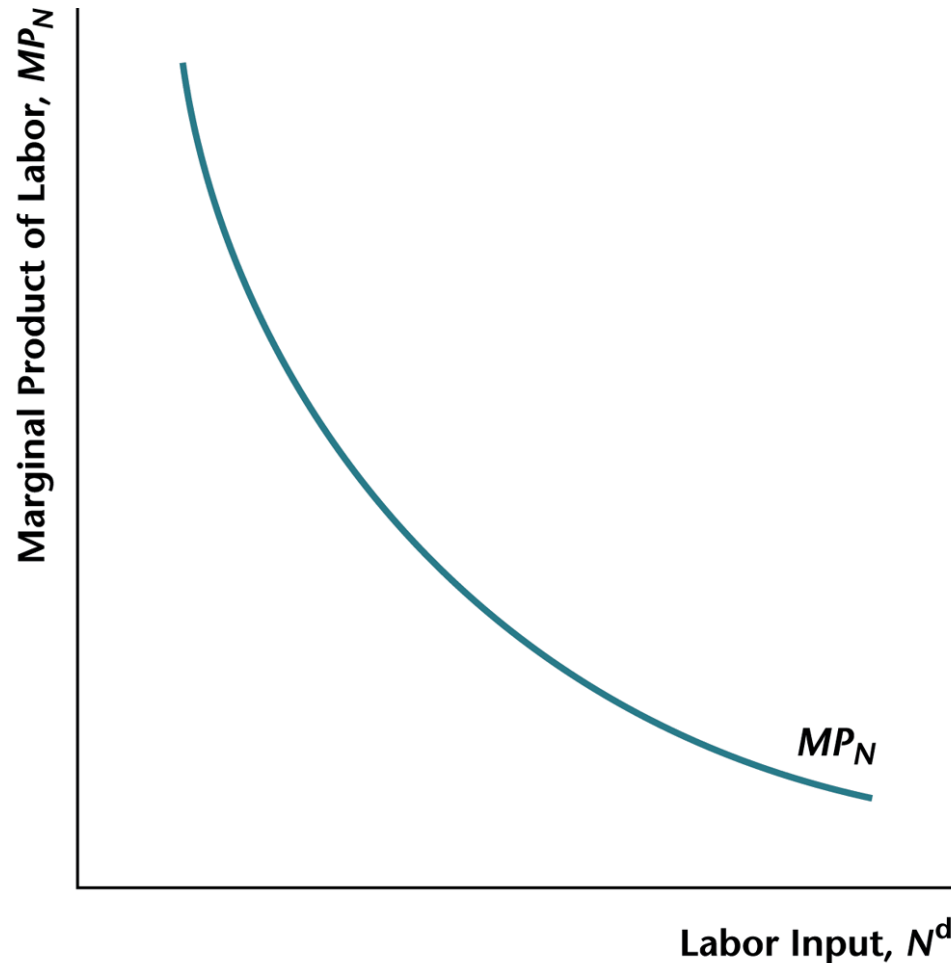


Figure 4.17 Adding Capital Increases the Marginal Product of Labor

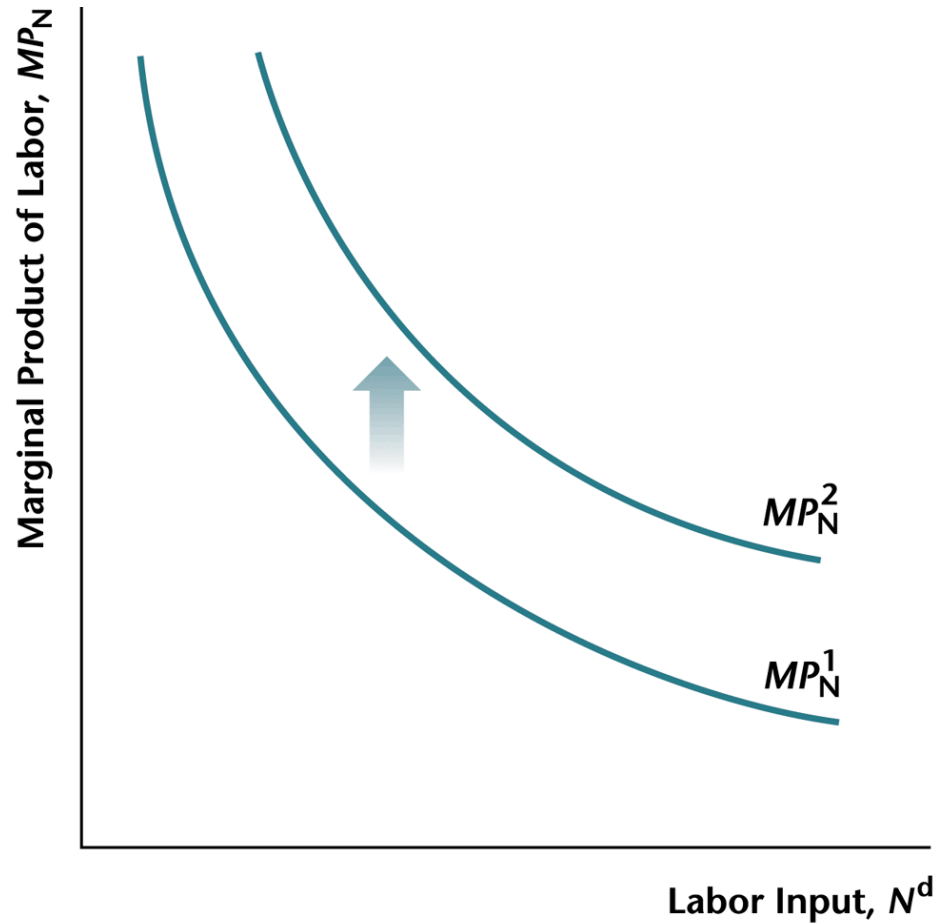


Figure 4.18 Total Factor Productivity Increases

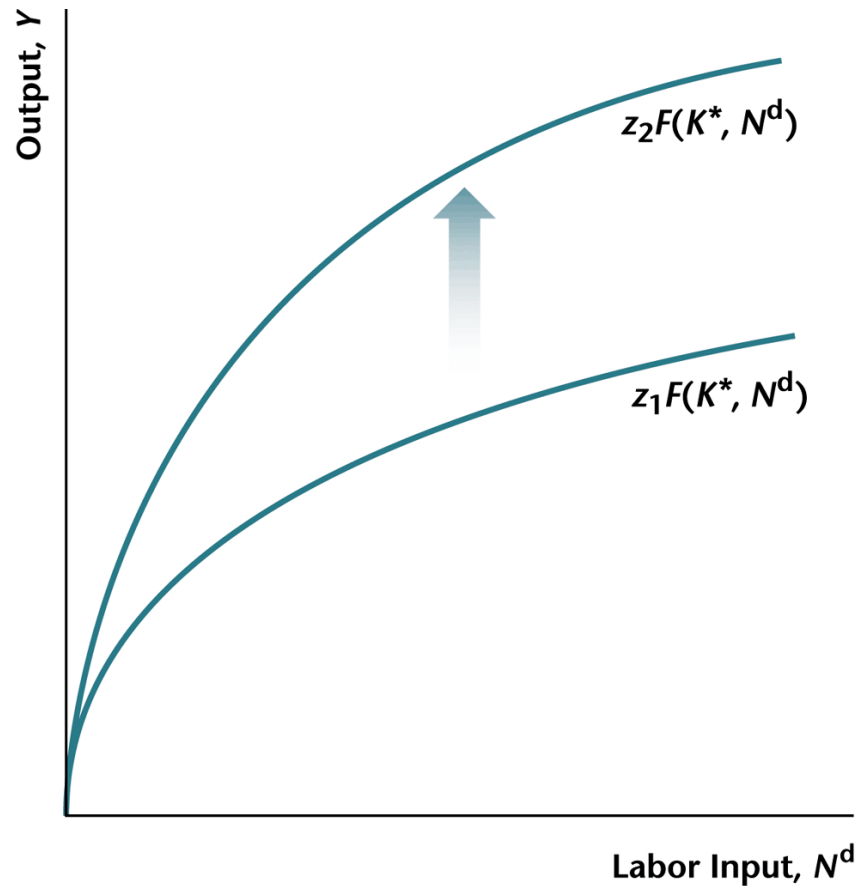


Figure 4.19 Effect of an Increase in Total Factor Productivity on the Marginal Product of Labor

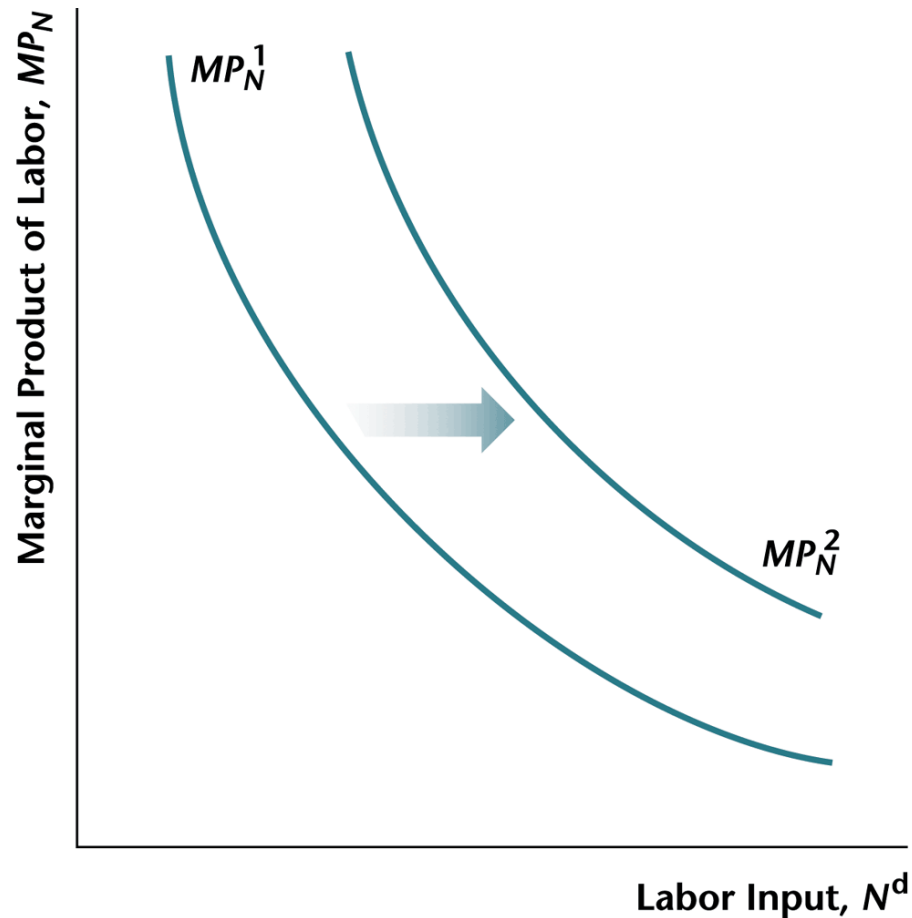


Figure 4.20 The Solow Residual for the United States

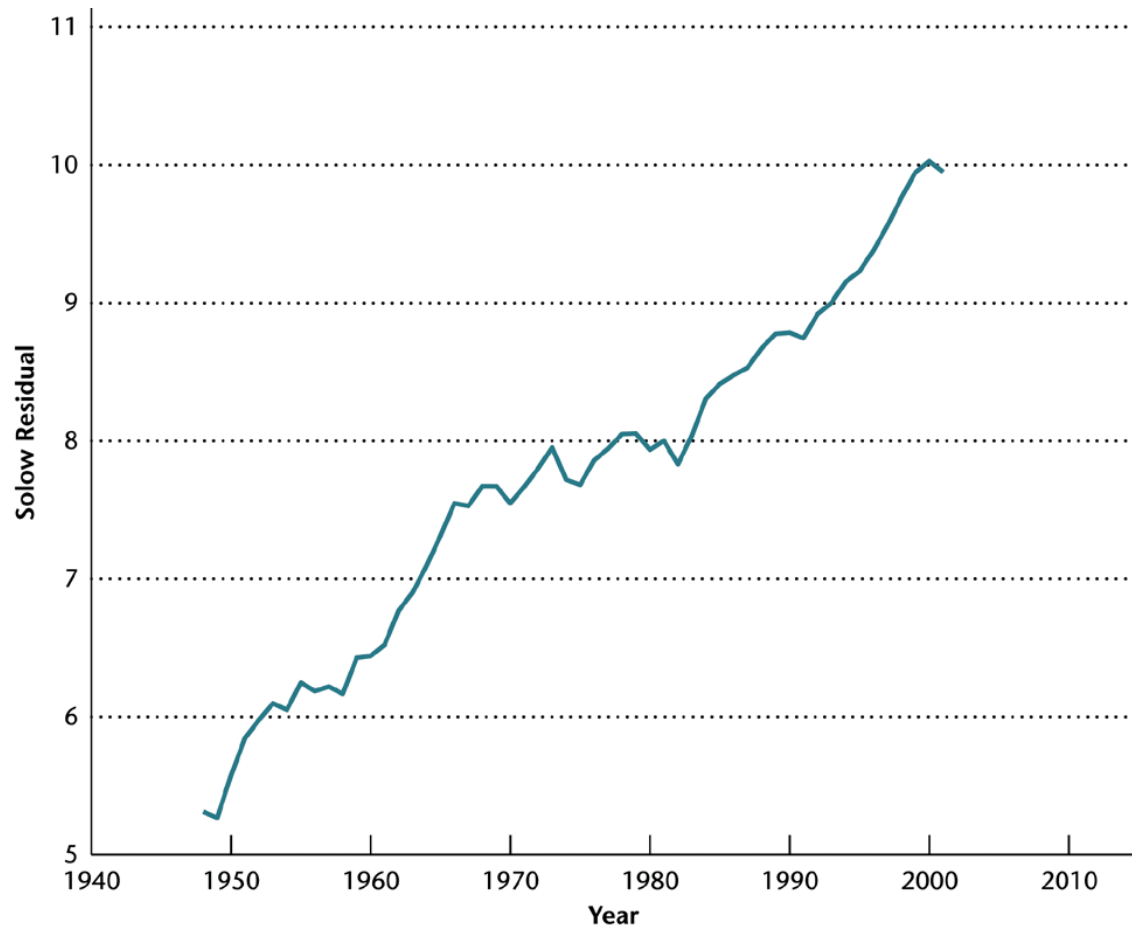


Figure 4.21 Revenue, Variable Costs, and Profit Maximization

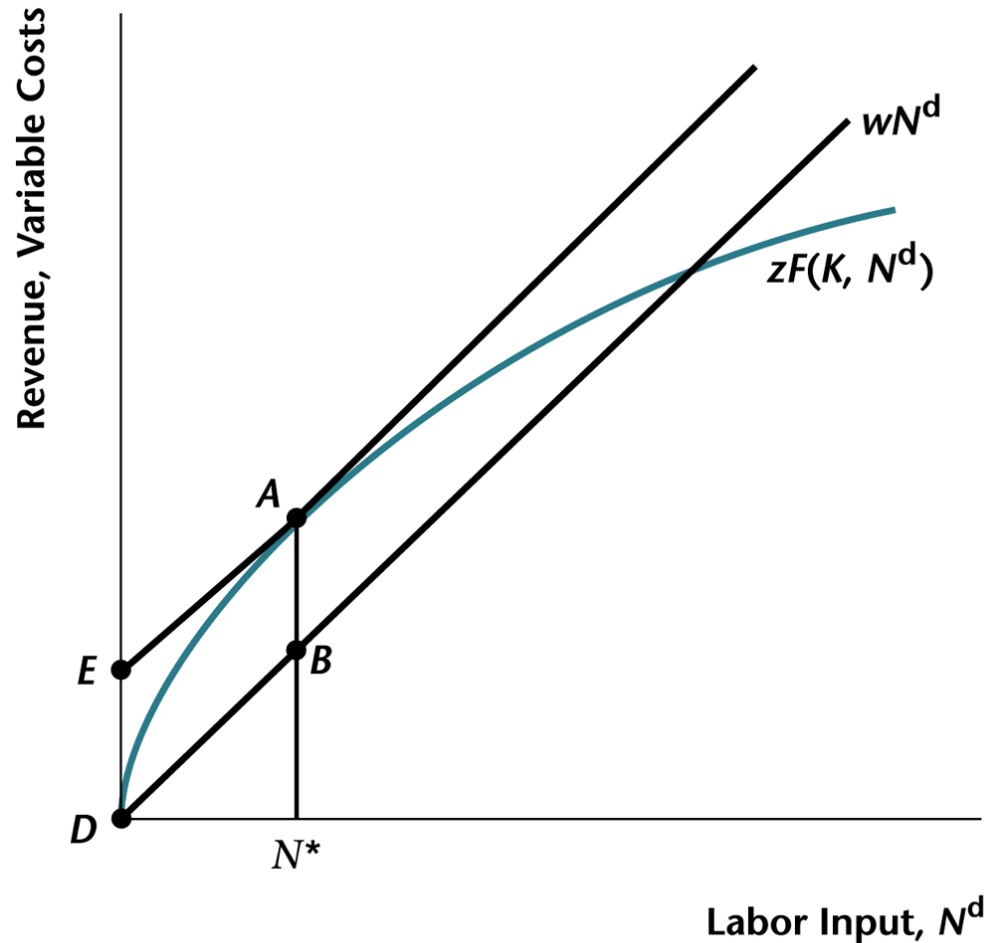


Figure 4.22 The Marginal Product of Labor Curve Is the Labor Demand Curve of the Profit-Maximizing Firm

