Solution of Problems

3)

y=0

x=0

- the point of min

4)

6)

(0,0,0) - the point of min

Economic Applications

Problem of a Multiproduct Firm

a two product firm under circumstances of pure competition

 =>

if ;

Second order Condition

Let us now transplant the problem of Ex 1 into the setting of a monopolistic market.

Suppose that the demands

 apply Cramer's rule to solve for and

if

=>

 (8;

 =>