resource A and B (labor and capital).
Px = $50.

Qa	MPa	Qb	MPb
1	12	1	20
2	11	2	18
3	10	3	16
4	9	4	14
5	8	5	12
6	6	6	10
7	5	7	8
8	3	8	6

Determine the following: At what proportion of resources firm maximizes profit if PA= $250 and PB= $400., and what is the size of the profits.

Solution:
We can find maximized profit from the formula:
TP = TR - TC = Pa*q - (PA + PB) = max
Value of marginal products of labor and capital should be equal to their wages and rental rate respectively, so:
Px*MPa = PA, 50*MPa = 250, MPa = 5,
Px*MPb = PB, 50*MPb = 400, MPb = 8, so we see from the table, that q = 7
Now we can calculate maximizing profit:
TP = 50*7 - (250 + 400) = -300 thousand dollars.
So, there is a loss, that is minimized.