

Answer on Question #56429, Economics / Microeconomics

A purely competitive market, $P = \$20$ per bushel. The first acre can produce 1,000 bushels of wheat, the second acre 900, the third 800, and so on.

Acre	Q per acre	Q	P	TR per acre	TR	MR
1	1000	1000	10	10000	10000	10
2	900	1900	10	9000	19000	10
3	800	2700	10	8000	27000	10
4	700	3400	10	7000	34000	10
5	600	4000	10	6000	40000	10

As we can see from the table built, total revenue will increase with diminishing returns and marginal revenue will be constant with additional acre of land, because the market is perfectly competitive..