

## Answer on question #59645 -Economics - Microeconomics

Jacqui decides to open her own business and earns \$50,000 in accounting profit the first year. When deciding to open her own business, she turned down three separate job offers with annual salaries of \$30,000, \$40,000, and \$45,000. What is Jacqui's economic profit from running her own business?

### Solution

Economic profit calculated as accounting profit minus opportunity as job offer.

	1	2	3
Accounting profit	\$50 000	\$50 000	\$50 000
Opportunities (job offers)	\$30 000	\$40 000	\$45 000
Economic profit	\$20 000	\$10 000	\$5 000

Jacqui receives economic profit \$ 20,000, \$10,000 and \$5,000 respectively from running her own business.

### Answer

Jacqui's economic profit is \$ 20,000, \$ 20,000, \$10,000 and \$5,000 respectively from running her own business.