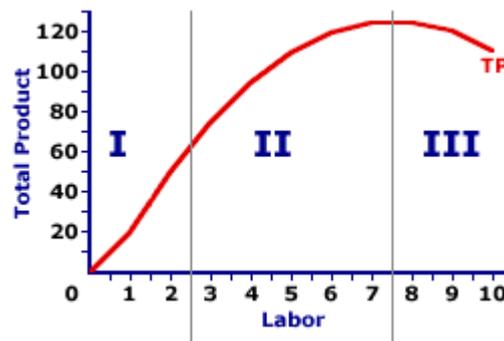


Answer on Question #80040 - Economics - Microeconomics

Explanation of stages of production with schedule diagram?

Answer

The three stages of production differ in the slopes, shapes and interrelationships of the general, marginal and average product curves.



Fig, 1. Three Stages¹

Stage 1: characterized by a positive slope of the average product curve (when the average product is the total output divided by the number of inputs (workers)), ending at the intersection of the average product and the curves of the marginal products.

Stage 2: the average product decreases (but the marginal product is positive), where the marginal product is an additional product obtained from hiring one additional employee. The marginal product becomes negative, at the peak of the overall product curve.

Stage 3: is in the range in which the marginal product is negative, or the total product is reduced.

Thus, in the first stage, the average product is positive and increases; in the second stage, the marginal product is positive, but decreases; in the third stage, the total product decreases.

Answer provided by <https://www.AssignmentExpert.com>

¹ PRODUCTION STAGES. URL: http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=production+stages