Average Cost Minimization Problem

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It is well known that short run cost functions of firms are convex functions when production functions are concave[3]. Average cost minimization problems are often considered in the literature[1-3]. However, it seems that less attention so far has been paid to properties of average cost functions and numerical methods for solving the average cost minimization problem. Aim of this talk is to fulfill this gap. First, we show that average cost functions are pseudoconvex. Second, we develop an algorithm for solving the average cost minimization problem. We implemented the algorithm in the case of some companies of Mongolia.

REFERENCES

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