A Simple Model of a Perfectly Competitive Firm

Assumptions

1. The firm produces two goods, $x$ and $y$.
2. All necessary factors of production are in place and have been paid for.
3. The production possibilities frontier for this firm is given below.
4. The market prices of $x$ and $y$ are, respectively, €2 and €1 per unit.

Determine the optimum quantities of $x$ and $y$ produced by this profit-maximizing firm.