

Question 1

Suppose $TC = 10 + (0.1 * q^2)$. If $p = 10$, the firm's profits will be

- A) 240.
- B) 250.
- C) 260.
- D) -10 because the firm will shut down.

Answer: <https://biology-forums.com/index.php?topic=785293>

Question 2

The Nifty Gum Co. has purchased a large parcel of land for \$1 million. The company recently discovered that the land is contaminated and is worthless to all possible buyers. The opportunity cost of the land is

- A) \$0.
- B) \$1 million.
- C) some amount greater than \$0 but less than \$1 million.
- D) equal to the cost of the factory that was planned to be built there.

Answer: <https://biology-forums.com/index.php?topic=785120>

Question 3

When a government turns a deficit into a surplus we would expect

- A) interest rates to rise.
- B) interest rates to decrease.
- C) the demand curve for loanable funds to shift rightward.
- D) that more investment is crowded out.

Answer: <https://biology-forums.com/index.php?topic=786195>

Question 4

A per unit subsidy increases both consumer and producer surplus, but results in a deadweight loss.

True or False? Provide an explanation.

Answer: <https://biology-forums.com/index.php?topic=785447>

Question 5

Suppose the following information is known about a market:

1. Sellers will not sell at all below a price of \$2.
2. At a price of \$10, any given seller will sell 10 units.
3. There are 100 identical sellers in the market.

Assuming a linear supply curve, use this information to derive the market supply curve.

Answer: <https://biology-forums.com/index.php?topic=784571>

Question 6

The implementation of the assembly line is an example how

- A) changes in the organization of production improve productivity.
- B) neutral technical change improves productivity.
- C) non-neutral technical change can decrease productivity.
- D) labor saving technical change increases economy-wide unemployment.

Answer: <https://biology-forums.com/index.php?topic=785107>

Question 7

When a market is in disequilibrium consumers and producers change their behavior. As a result the market reaches equilibrium.

True or False? Provide an explanation.

Answer: <https://biology-forums.com/index.php?topic=784590>

Question 8

In a Bertrand model, market power is a function of

- A) marginal cost.
- B) the number of firms.
- C) price elasticity of supply.
- D) product differentiation.

Answer: <https://biology-forums.com/index.php?topic=785902>

Question 9

For a monopoly, the value of the next worker equals

- A) $MR * MPL$.
- B) $(\text{price} + \text{the effect of increased output on price}) * MPL$.
- C) $P(1+1/e) * MPL$
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=786055>

Question 10

A market's structure is described by

- A) the number of firms in the market.
- B) the ease with which firms can enter and exit the market.
- C) the ability of firms to differentiate their product.
- D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=785232>

Question 11

The internet has made it possible to compare lots of prices without incurring a lot of cost. If internet access is unequally distributed throughout the population one would expect

- A) consumers with internet access to pay a higher price.
- B) consumers without internet access to pay a lower price.
- C) price discrimination against consumers without internet access.
- D) firms to charge the same price to all consumers.

Answer: <https://biology-forums.com/index.php?topic=786503>

Question 12

Many people tend to buy multiple cars from the same manufacturer because

- A) doing so reduces the asymmetric information problem; consumers have better knowledge of quality.
- B) doing so reduces the asymmetric information problem; consumers have better knowledge of prices.
- C) doing so doesn't change the asymmetric information problem but consumers have more information.
- D) doing so increases the consumers brand loyalty.

Answer: <https://biology-forums.com/index.php?topic=786482>

Question 13

If workers are homogeneous and face a monopsonist, they are likely to

- A) want to form a union.
- B) want to negotiate one-on-one with their employer.
- C) half will want to form a union, half will not.
- D) move to another town.

Answer: <https://biology-forums.com/index.php?topic=786091>

Question 14

In the absence of any government regulation on price, if a firm has no power to set price on its own, one can safely conclude

- A) the demand curve for the firm's product is horizontal.
- B) there aren't many firms in the industry.
- C) the market is in long-run equilibrium.
- D) the firms in this industry are not profitable.

Answer: <https://biology-forums.com/index.php?topic=785236>

Question 15

Explain why the equilibrium price is called the market clearing price.

Answer: <https://biology-forums.com/index.php?topic=784593>

Question 16

If only one firm operates in a market, and a potential entrant is blockaded from entering the market, then the incumbent firm must

- A) have acted to prevent entry.
- B) be pricing where price equals marginal cost.
- C) be a natural monopoly.

D) be the Stackelberg leader.

Answer: <https://biology-forums.com/index.php?topic=785978>

Question 17

Governments do not respond to prices.

True or False? Provide an explanation.

Answer: <https://biology-forums.com/index.php?topic=784488>

Question 18

The more block prices a monopoly can set instead of setting a single price, the

A) smaller the deadweight loss.

B) the more producer surplus.

C) the larger the total welfare.

D) All of the above.

Answer: <https://biology-forums.com/index.php?topic=785742>

Question 19

The power of the supply and demand model lies in its ability

A) to generally predict how price and quantity will change with supply and demand shocks.

B) to precisely predict the impact of government regulations on quantity and price.

C) to precisely determine the difference between price ceilings and price floors.

D) to generally predict how profit motive impacts the distribution of goods and services.

Answer: <https://biology-forums.com/index.php?topic=784651>

Question 20

Assume the price of beer is \$4, the price of pizza is \$10 and the consumer's income is \$250. Which consumption bundle will NOT be the consumers choice?

A) 5 Beer, 5 Pizza

B) 0 Beer, 25 Pizza

C) 25 Beer, 15 Pizza

D) None of the bundle will be chosen.

Answer: <https://biology-forums.com/index.php?topic=784848>