

**Term 121: Econ 101: Principle of Microeconomics**  
**Quiz\_4**

Name \_\_\_\_\_

ID: \_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 1) Perfectly competitive firms must make all of the following decisions EXCEPT 1) \_\_\_\_\_
- A) how much of each input to demand. B) which production technology to use.
- C) what price to charge for its output. D) how much output to supply.

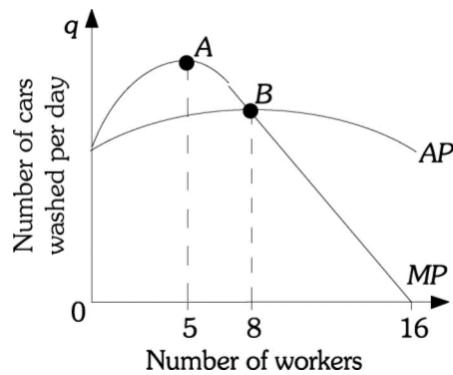
*Use the information provided in Table 7.1 below to answer the questions that follow.*

**Table 7.1**  
**Inputs Required to Produce a Product Using Alternative Technologies**

Technology	Units of Capital	Number of Employees
A	4	18
B	6	12
C	8	8
D	12	6

- 2) Refer to Table 7.1. If the hourly wage rate is \$7 and the hourly price of capital is \$10, which production technology should be selected? 2) \_\_\_\_\_
- A) A B) B C) C D) D

*Refer to the information provided in Figure 7.5 below to answer the questions that follow.*



**Figure 7.5**

- 3) Refer to Figure 7.5. Diminishing marginal returns set in after the \_\_\_\_\_ worker is hired. 3) \_\_\_\_\_
- A) first B) fifth C) eighth D) sixteenth
- 4) If the marginal product of labor equals the average product of labor, then the 4) \_\_\_\_\_
- A) average product is maximized. B) marginal product is still increasing.
- C) marginal product is maximized. D) average product is still increasing.



- 9) Marginal cost is \_\_\_\_\_ average variable cost when \_\_\_\_\_.
- A) greater than; average fixed cost is minimized
  - B) less than; total cost is maximized
  - C) equal to; average variable cost is minimized.
  - D) equal to; average total cost is minimized

9) \_\_\_\_\_

Refer to the information provided in Table 8.5 below to answer the following questions.

**Table 8.5**

Number of Fruit Baskets	TFC	TVC	TC	MC
0	\$50	\$0	\$50	--
1	50	10	60	10
2	50	15	65	5
3	50	21	71	6
4	50	31	81	10
5	50	46	96	15
6	50	68	118	22

- 10) Refer to Table 8.5. Assume that fruit baskets are sold in a perfectly competitive market. The market price of a fruit basket is \$22. To maximize profits, Exotic Fruit should sell \_\_\_\_\_ fruit basket(s) and their profit is \_\_\_\_\_.
- A) three; \$5
  - B) four; \$7
  - C) five; \$14
  - D) six; \$14

10) \_\_\_\_\_

## Answer Key

Testname: QUIZ\_4\_ANSWERS

- 1) C
- 2) C
- 3) B
- 4) A
- 5) B
- 6) A
- 7) D
- 8) D
- 9) C
- 10) D