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

Name		ID:			
MULTIPLE CHOICE. Choos	se the one alternat	ive that best comp	letes the statement o	r answers the questic	on.
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.				0.5	
C) what price to	charge for its outp	out.	) now much output t	o supply.	
Use the information provided	l in Table 7.1 below	to answer the que	estions that follow.		
		Table 7.	1		
Inp	outs Required to P		Using Alternative Te	chnologies	
	Technology	Units of Capital	Number of Employ	<del></del> ees	
	A	4	18		
	В	6	12		
	С	8	8		
	D	12	6		
2) Refer to Table 7.1. I production technol			ourly price of capital	is \$10, which	2)
A) A	B) B	C	C) C	D) D	
Refer to the information prov	oided in Figure 7.5 l	below to answer th	e auestions that follo	ow.	
	Number of cars	0 5 8 Number of			
		Figure 7.	.5		
3) Refer to Figure 7.5. A) first	Diminishing marg B) fifth	•	after the wo c) eighth	orker is hired. D) sixteenth	3)
4) If the marginal pro A) average prod	duct of labor equa uct is maximized.		luct of labor, then the ) marginal product is	still increasing.	4)

D) average product is still increasing.

C) marginal product is maximized.

Refer to the information provided in Figure 7.11 below to answer the questions that follow.

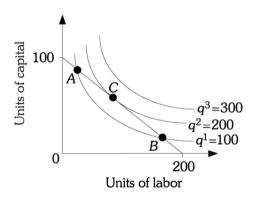


Figure 7.11

5) Refer to Figure 7.11. At Point $C$ the slope of $q^2 = 200$ is				
A) -2.		B) <b>-</b> 1/2.		
C) -1.		D) indetermin	ate from this inform	nation.
6) Economists usually assu	me that is a fixe	ed input in the	run.	6)
A) capital: short	B) labor: short	C) labor: long	D) capi	tal: long

Refer to the information provided in Table 8.1 below to answer the questions that follow.

C) decreasing average fixed costs.

Table 8.1					
	Using	Units of Variable	Inputs		
Produce	Techniques	K	L		
1 unit of output					
	A	8	8		
	В	4	12		
2 units of output					
	A	14	12		
	В	8	20		
3 units of output					
	A	16	12		
	В	12	22		

7) Refer to Table 8.1. Assuming the price of labor (*L*) is \$5 per unit and the price of capital (*K*) is \$10 per unit, what production technique should this firm use to produce 2 units of output?

A) It is impossible to determine if the firm should select production technique A or B because total fixed costs are not given.

B) Production technique A

C) The firm is indifferent between production technique A and production technique B.

D) Production technique B
8) Diminishing marginal returns implies

A) decreasing average variable costs.

B) decreasing marginal costs.

D) increasing marginal costs.

9) Marginal cost is	_ average variable cost when		9)
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- 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

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

Table 8.5

1 able 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				10)
price of a fruit basket is \$22	To maximize profits, Exo	tic Fruit should sell	fruit basket(s)	
and their profit is				
A) three; \$5	B) four; \$7	C) five; \$14	D) six; \$14	

## 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