Which of the following can be done to avoid diminishing marginal returns to labor?

a) Reduce the plant size and quantity of equipment

b) Reduce the quantity of resources available

c) Increase the number of workers

d) Increase the quantity of capital

e) Increase the amount of labor used

For a large-scale bakery, which of the following is most likely to be an input that is adjustable in the long-run but not in the short-run?

(a) Workers

(b) Flour

(c) Electricity

(d) The Building

(e) Sesame Seeds

Units of Labor	**Output**
0	0
5	1175
10	1250
15	1300
20	1350
25	1380
30	1400

Using the above table, what is the marginal product of labor (MP_L) of the 25^{th} unit of labor?

(a) 6 Units of Output

(b) 4 Units of Output

(c) 55.2 Units of Output

(d) 25 Units of Output

(e) It cannot be determined with the data provided

What is true of marginal product when total product is maximized?

(a) It is increasing

(b) It is equal to 0

(c) It equal to 1

(d) It negative

(e) It is positive

Units of Labor	**Total Product of Labor (TP_L)**
0	0
1	2
2	6
3	12
4	17
5	21
6	24
7	26
8	25
9	23

Using the above table, at what quantity of labor does diminishing returns to labor take effect?

(a) At the 5^{th} unit of labor

(b) At the 4^{th} unit of labor

(c) At the 1^{st} unit of labor

(d) At the 8^{th} unit of labor

(e) At the 9^{th} unit of labor

Why is economic profit always less than accounting profit?

(a) Economic profit considers more costs than accounting profit.

(b) Economic profit includes more utility than accounting profit.

(c) Economic profit includes explicit but not implicit costs while accounting profit includes both.

(d) Economic profit includes more revenues than accounting profit.

(e) Economic profit includes fewer revenues than accounting profit.

Suppose a firm produces and sells 10,000 greeting cards at $5 each in a competitive market and that it has explicit costs of $4,000 and an opportunity cost of capital of $1,000. If the firm's owner closed the business for good and take another job, they could be earning $31,000 annually. What is this firm's economic profit?

(a) $15,000

(b) $14,000

(c) $45,000

(d) $12,000

(e) $46,000

What must be true of a firm earning normal profits?

(a) Accounting profits are negative

(b) Accounting profits are positive

(c) Economic profits are equal to zero

(d) Economic profits are negative

(e) Economic profits are positive

Suppose that there is an individual that is a writer and programmer and enjoys both professions equally. If they can earn $80,000 as a writer or $70,000 as a programmer and has no other costs associated with either profession. What is their economic profit if they choose to be a programmer rather than a painter?

(a) $0

(b) $80,000

(c) $70,000

(d) -$10,000

(e) -$150,000

A firm produces 200 pies for $20 each. The explicit coset of producing the pies is $2,000, the opportunity cost of the firm's owner is $1,000, and the building thta the firm is in could be rented out for $700. What is this firm's economic profit?

(a) $1,300

(b) $300

(c) $2,000

(d) $4,000

(e) $1,000