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Started on Friday, 6 June 2025, 11:00 AM

State Finished

Completed on Friday, 6 June 2025, 11:23 AM

Time taken 23 mins 47 secs

Grade 60 out of 60 (100%)

Question **1**

Correct

Mark 2 out of 2

The short-run supply decision is determined by finding the level of output at which short-run marginal cost is equal to marginal revenue, provided that the average condition ($P \geq \text{SAVC}$) is also satisfied.

Select one:

- ☐ a. FALSE
- ☒ b. TRUE ✓

The correct answer is: TRUE

Question **2**

Correct

Mark 3 out of 3

The most shareholders can lose if their company goes bust is...

Select one:

- ☐ a. their pride (they cannot lose anything).
- ☒ b. the money they spent buying shares. ✓
- ☐ c. all of their personal possessions.
- ☐ d. the money they spent buying shares and some but not all of their personal possessions.
- ☐ e. None of the above.

The correct answer is: the money they spent buying shares.

Question 3

Correct

Mark 2 out of 2

Even an industry with only a handful of players in the market and with a differentiated product can be perfectly competitive.

Select one:

- ☒ a. FALSE ✓
- ☐ b. TRUE

The correct answer is: FALSE

Question 4

Correct

Mark 4 out of 4

The demand for butter can be characterized by the inverse demand function $P^D = 522 - 4Q$ and the supply can be characterized by the inverse supply function $P^S = 174 + 4Q$

Please calculate the equilibrium price!

Answer: ✓

This is the right answer!

The correct answer is: 348.00

Question 5

Correct

Mark 3 out of 3

If the elasticity of supply is 1.2, to increase quantity supplied by 3.6 percent, price must

Select one:

- ☐ a. fall by 4 percent
- ☐ b. rise by 3.6 percent
- ☐ c. fall by 1.2 percent
- ☒ d. rise by 3 percent ✓
- ☐ e. None of the above.

The correct answer is: rise by 3 percent

Question **6**

Correct

Mark 3 out of 3

The demand curve faced by a perfectly competitive firm ...

Select one:

- ☐ a. slopes downward and to the right.
- ☐ b. is the same as the industry demand curve.
- ☐ c. shows that in order to sell more, the firm must lower product price.
- ☒ d. is horizontal at the going market price. ✓
- ☐ e. None of the above.

The correct answer is: is horizontal at the going market price.

Question **7**

Correct

Mark 2 out of 2

Opportunity costs are part of the economic costs of a business but not its accounting costs.

Select one:

- ☐ a. FALSE
- ☒ b. TRUE ✓

The correct answer is: TRUE

Question **8**

Correct

Mark 4 out of 4

Charlie Little owns a firm with total sales revenue of \$200,000 and total accounting costs of \$100,000. If he worked for a firm as an employee, he could earn \$58,000. Meanwhile, the \$580,000 he invested to start his own firm could earn an annual interest rate of 20%. Calculate his economic profit (in \$)!

Please only include a **number** as your answer (without a dollar sign or a thousand separator).

Answer: ✓

The correct answer is: -74000.00

Question **9**

Correct

Mark 3 out of 3

If the two transfers have the same monetary value, consumers prefer to receive transfers...

Select one:

- ☐ a. in kind rather than in cash.
- ☒ b. in cash rather than in kind. ✓
- ☐ c. as food stamps rather than money.
- ☐ d. a gift of a good or a service rather than banknotes that they would have to spend.
- ☐ e. None of the above (the consumer does not care about anything else, but the monetary value).

The correct answer is: in cash rather than in kind.

Question **10**

Correct

Mark 2 out of 2

An increase in consumers' incomes will cause an expansion in the demand for all goods.

Select one:

- ☐ a. TRUE
- ☒ b. FALSE ✓

The correct answer is: FALSE

Question **11**

Correct

Mark 3 out of 3

The demand curve faced by a sole supplier (a true monopolist)...

Select one:

- ☐ a. slopes downward and to the right.
- ☐ b. is the same as the industry demand curve.
- ☐ c. shows that in order to sell more, the firm must lower product price.
- ☒ d. All of the above. ✓
- ☐ e. None of the above.

The correct answer is: All of the above.

Question 12

Correct

Mark 2 out of 2

A utility-maximizing consumer chooses to be at a point at a tangent between his budget line and an indifference curve.

Select one:

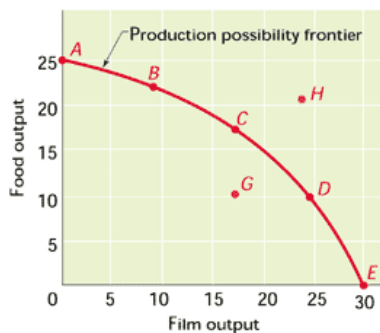
- ☐ a. FALSE
- ☒ b. TRUE ✓

The correct answer is: TRUE

Question 13

Correct

Mark 3 out of 3



Points A, B, C, and D show

Select one:

- ☐ a. an inefficient allocation of society's scarce resources.
- ☒ b. possible combinations of food output and film output that efficiently utilise all resources available to this society. ✓
- ☐ c. a constant trade-off between food output and film output.
- ☐ d. society prefers food output to film output.
- ☐ e. All the above.

The correct answer is: possible combinations of food output and film output that efficiently utilise all resources available to this society.

Question 14

Correct

Mark 4 out of 4

The demand for yoghurt can be characterized by the inverse demand function $P^D = 64000 - 0.5Q$ and the supply can be characterized by the inverse supply function $P^S = 16000 + 0.5Q$. How much should a perfectly competitive firm produce if its costs can be characterized by the function $STC(q) = 100q^2 + 8000q + 50000$?

Answer: ✓

The correct answer is: 160.00

Question 15

Correct

Mark 3 out of 3

In general, marginal costs ...

Select one:

- ☐ a. are zero for low levels of output but begin to increase as output increases.
- ☒ b. start out high for low levels of output, fall as output increases, but then increase as output continues to expand. ✓
- ☐ c. fall as output increases (and might become negative).
- ☐ d. are constant for all levels of output.
- ☐ e. None of the above.

The correct answer is: start out high for low levels of output, fall as output increases, but then increase as output continues to expand.

Question 16

Correct

Mark 3 out of 3

When a market is in equilibrium, ...

Select one:

- ☐ a. no shortages exist.
- ☐ b. quantity demanded equals quantity supplied.
- ☐ c. a price is established that clears the market.
- ☐ d. no surpluses exist.
- ☒ e. All of the above. ✓

The correct answer is: All of the above.

Question 17

Correct

Mark 4 out of 4

The demand for butter can be characterized by the inverse demand function $P^D = 248 - Q$ and the supply can be characterized by the inverse supply function $P^S = 62 + Q$

A specific tax of 40 (which is collected from the sellers) is introduced by the government. Calculate the post-tax price!

Answer: ✓

This is the right answer!

The correct answer is: 175.00

Question **18**

Correct

Mark 4 out of 4

The demand for a new innovative cancer drug is characterized by the inverse demand function $P^D = 1040 - 2Q$. The total cost for the sole supplier, a pure monopolist, is given by $TC(Q) = 520Q + 2Q^2$.

Please calculate the monopoly price for the product!

Answer: ✓

The correct answer is: 910.00

Question **19**

Correct

Mark 2 out of 2

An economy in which there is no unemployment is producing on the production possibility frontier.

Select one:

- ☒ a. TRUE ✓
- ☐ b. FALSE

The correct answer is: TRUE

Question **20**

Correct

Mark 4 out of 4

The demand for butter can be characterized by the inverse demand function $P^D = 200 - Q$ and the supply can be characterized by the inverse supply function $P^S = 50 + Q$

Calculate the consumer surplus! (A fraction should be rounded to two decimal places.)

Answer: ✓

This is the right answer!

The correct answer is: 2812.50

◀ Final exam MACRO_TEST 06_06 10:30-10:58

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