

Quiz (chapter 14)

Due Mar 5 at 11:59pm**Points** 13**Questions** 13**Available** Mar 3 at 12am - Mar 5 at 11:59pm 3 days**Time Limit** 30 Minutes

Instructions

This quiz covers material from chapter 14.

The time limit is 30 minutes.

This quiz was locked Mar 5 at 11:59pm.

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	26 minutes	12 out of 13

Score for this quiz: **12** out of 13

Submitted Mar 3 at 8:49am

This attempt took 26 minutes.

Question 1

1 / 1 pts

A market is competitive if

- (i) firms have the flexibility to price their own product.
- (ii) each buyer is small compared to the market.
- (iii) each seller is small compared to the market.

☐ (i) and (ii) only

☐ (i) and (iii) only

Correct!☒ (ii) and (iii) only☐ (i), (ii), and (iii)**Question 2****1 / 1 pts****Table 14-9**

Suppose that a firm in a competitive market faces the following revenues and costs:

Quantity	Total Revenue	Total Cost
0	\$0	\$5
1	\$8	\$9
2	\$16	\$14
3	\$24	\$20
4	\$32	\$27
5	\$40	\$35
6	\$48	\$44
7	\$56	\$54
8	\$64	\$65
9	\$72	\$72

Refer to Table 14-9. If the firm's marginal cost is \$11, it should

☐ increase production to maximize profit.☐ increase the price of the product to maximize profit.

Correct!

- ☐ advertise to attract additional buyers to maximize profit.
- ☒ reduce production to increase profit.

Question 3**1 / 1 pts****Table 14-10**

Suppose that a firm in a competitive market faces the following revenues and costs:

Quantity	Total Revenue	Total Cost
0	\$0	\$3
1	\$7	\$5
2	\$14	\$9
3	\$21	\$15
4	\$28	\$23
5	\$35	\$33
6	\$42	\$45
7	\$49	\$59

Refer to Table 14-10. At which level of production will the firm maximize profit?

Correct!

- ☒ 3 units
- ☐ 4 units
- ☐ 5 units

☐ 6 units**Question 4****1 / 1 pts****Table 14-10**

Suppose that a firm in a competitive market faces the following revenues and costs:

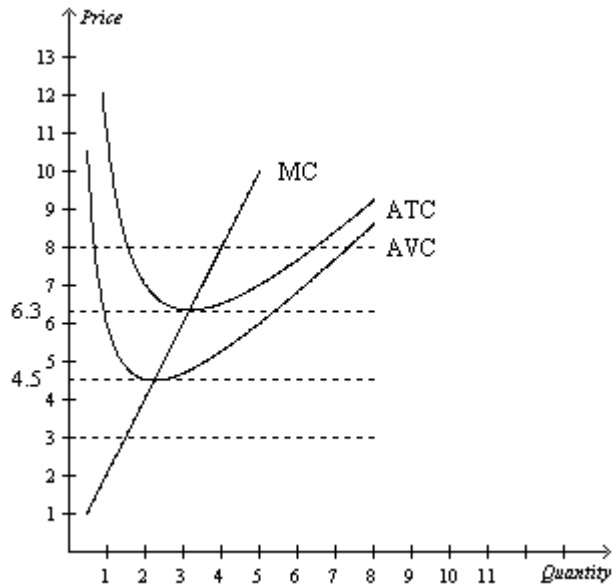
Quantity	Total Revenue	Total Cost
0	\$0	\$3
1	\$7	\$5
2	\$14	\$9
3	\$21	\$15
4	\$28	\$23
5	\$35	\$33
6	\$42	\$45
7	\$49	\$59

Refer to Table 14-10. If the firm produces the profit-maximizing level of production, how much profit will the firm earn?

☐ \$2☐ \$4☒ \$6☐ \$8**Correct!**

Question 5**1 / 1 pts****Figure 14-1**

Suppose that a firm in a competitive market has the following cost curves:

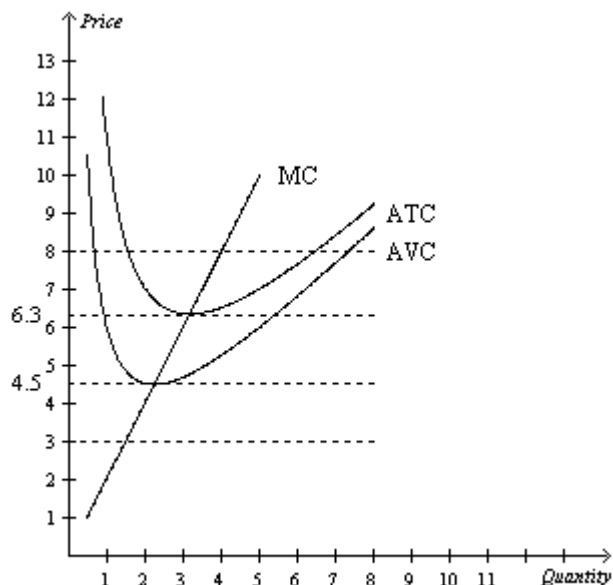


Refer to Figure 14-1. The firm's short-run supply curve is its marginal cost curve above

- ☐ \$1.
- ☐ \$3.
- ☒ \$4.50.
- ☐ \$6.30.

Correct!**Question 6****1 / 1 pts****Figure 14-1**

Suppose that a firm in a competitive market has the following cost curves:



Refer to Figure 14-1. The firm should shut down if the market price is

- ☐ above \$8.
- ☐ above \$6.30 but less than \$8.
- ☐ above \$4.50 but less than \$6.30.
- ☒ less than \$4.50.

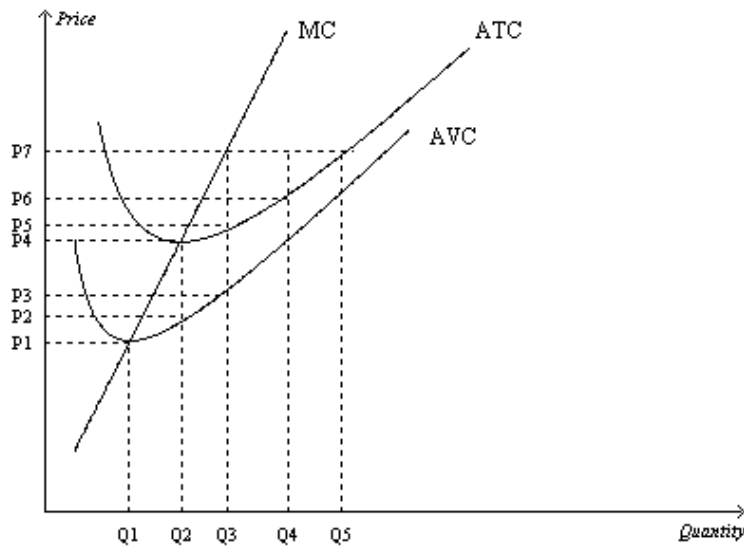
Correct!

Question 7

1 / 1 pts

Figure 14-5

Suppose a firm operating in a competitive market has the following cost curves:



Refer to Figure 14-5. In the short run, if the market price is P_4 , individual firms in a competitive industry will earn

- ☐ positive profits.
- ☒ zero profits.
- ☐ losses but will remain in business.
- ☐ losses and will shut down.

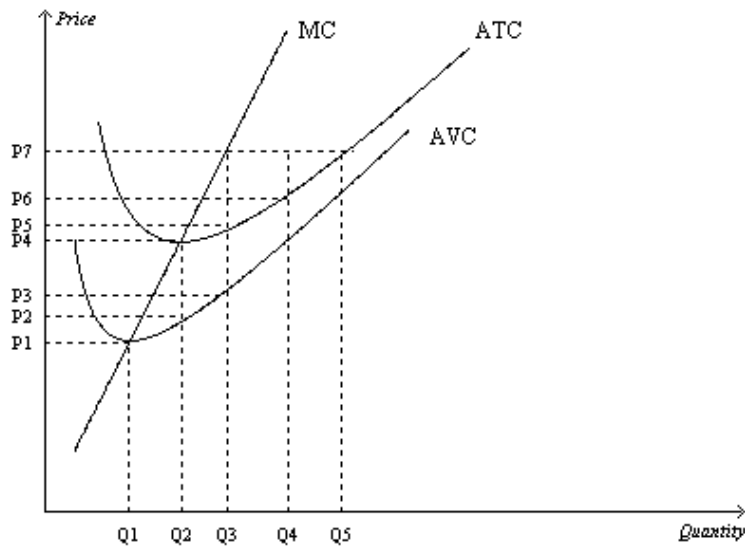
Correct!

Question 8

1 / 1 pts

Figure 14-5

Suppose a firm operating in a competitive market has the following cost curves:



Refer to Figure 14-5. Firms would be encouraged to enter this market for all prices that exceed

☐ P1.

☐ P2.

☐ P3.

☒ P4.

Correct!

Question 9

1 / 1 pts

Which of the following statements is *not* correct about competitive firms?

☐

In a long-run equilibrium, firms must be operating at their efficient scale.

☐

In the short run, the number of firms in an industry may be fixed.

Correct!☐

In the long run, the number of firms can adjust to changing market conditions.

☒

In the short run, firms must be operating at a level of output where price equals average variable cost.

Question 10**1 / 1 pts**

In the long run,

Correct!☒

competitive firms' profits are zero.

☐

competitive firms' variable costs are zero.

☐

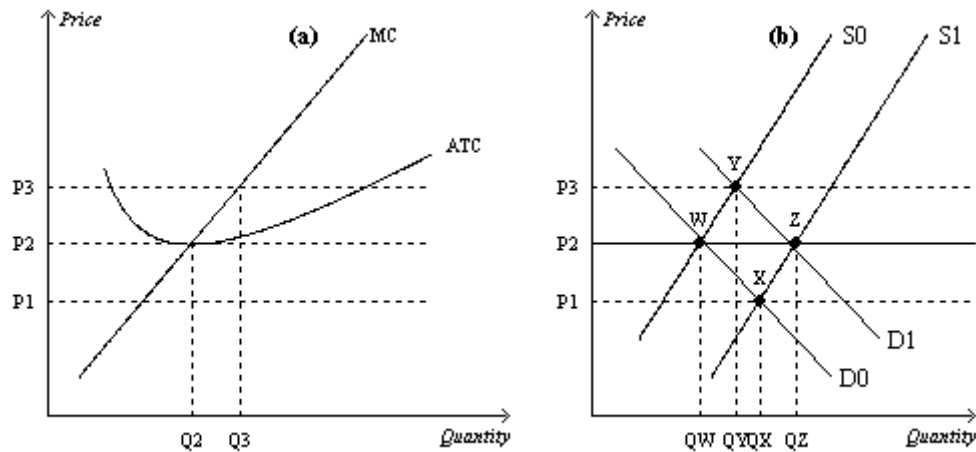
competitive firms' ATC curves shift upward or downward to ensure that all demand is satisfied.

☐

the number of firms in the market is fixed.

Question 11**0 / 1 pts**

Figure 14-14



Refer to Figure 14-14. When the market is in long-run equilibrium at point W in panel (b), the firm represented in panel (a) will

Correct Answer

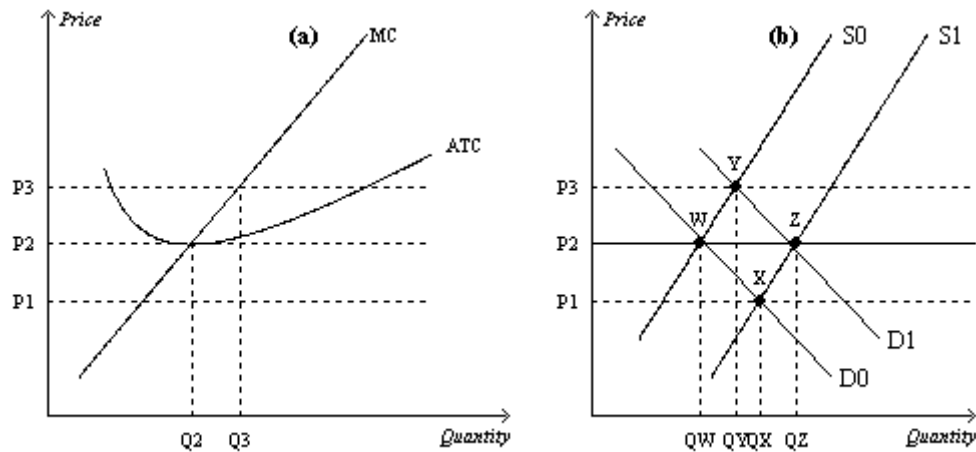
You Answered

- ☐ have a zero economic profit.
- ☒ have a negative accounting profit.
- ☐ exit the market.
- ☐ choose to increase production to increase profit.

Question 12

1 / 1 pts

Figure 14-14



Refer to Figure 14-14. Assume that the market starts in equilibrium at point W in panel (b). An increase in demand from D_0 to D_1 will result in

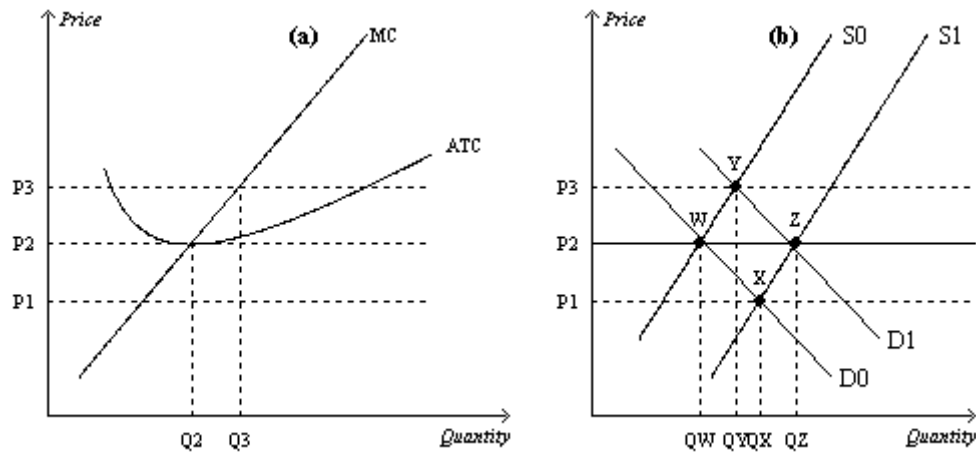
- ☐ a new market equilibrium at point X.
- ☒ an eventual increase in the number of firms in the market and a new long-run equilibrium at point Z.
- ☐ rising prices and falling profits for existing firms in the market.
- ☐ falling prices and falling profits for existing firms in the market.

Correct!

Question 13

1 / 1 pts

Figure 14-14



Refer to Figure 14-14. Assume that the market starts in equilibrium at point W in panel (b) and that panel (a) illustrates the cost curves facing individual firms. Suppose that demand increases from D0 to D1. Which of the following statements is correct?

- ☐ Points W, Y, and Z represent both short-run and long-run equilibria.
- ☐ Points W, Y, Z, and X represent short-run equilibria.
- ☐ Points W, Y, and Z represent long-run equilibria.
- ☒ Points W and Z represent long-run equilibria.

Correct!

Quiz Score: **12** out of 13