

Quiz 3

Name: _____

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Instructions: Time: 15:10pm~16:20pm

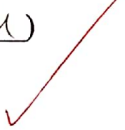
PART I. [60%]

(10)

90

1. A negative externality arises when a person engages in an activity that has
- a. an adverse effect on a bystander who is not compensated by the person who causes the effect.
 - b. an adverse effect on a bystander who is compensated by the person who causes the effect.
 - c. a beneficial effect on a bystander who pays the person who causes the effect.
 - d. a beneficial effect on a bystander who does not pay the person who causes the effect.

ANS: (a)



2. In deciding whether a good is a public good, one must determine the

- a. incomes of those who benefit from the good.
- b. value of the external benefits that accrue to resource owners. ✓
- c. excludability of the good. ✗ 計算
- d. All of the above are correct. ✗

ANS: (b)



C

3. If Danielle sells 300 wrist bands for \$0.50 each, her total revenues are

- a. \$150.
- b. \$299.50.
- c. \$300.
- d. \$600.

ANSWER: (a)

(a)



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4. Assume a certain firm regards the number of workers it employs as variable but regards the size of its factory as fixed. This assumption is often realistic

- a. in the short run but not in the long run.
- b. in the long run but not in the short run.
- c. both in the short run and in the long run.
- d. neither in the short run nor in the long run.

ANSWER: (a)

5. Which of the following is a characteristic of a competitive market?

- a. There are many buyers but few sellers.
- b. Many firms have market power because they own patents.
- c. Buyers and sellers are price takers..
- d. Firms sell differentiated products.

ANSWER: (c)

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Principles of Economics (I)
10810ECON100105

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

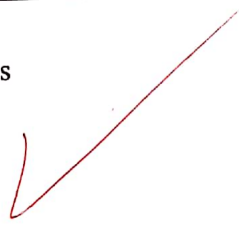
| Quantity | Total Revenue | Total Cost |
|----------|---------------|------------|
| 0 | \$0 | \$3 |
| 1 | \$7 | \$5 |
| 2 | \$14 | \$9 |
| 3 | \$21 | \$15 |
| 4 | \$28 | \$23 |
| 5 | \$35 | \$33 |
| 6 | \$42 | \$45 |
| 7 | \$49 | \$59 |

6. The marginal cost of producing the 4th unit is

- a. \$7.
- b. \$8.
- c. \$10.
- d. \$23.

ANSWER:

(b)



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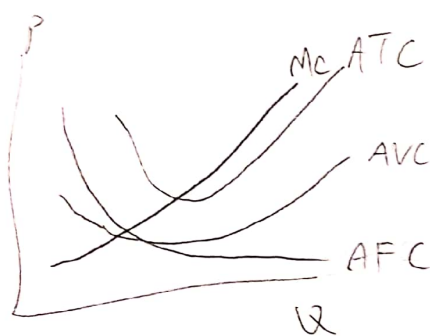
PART II. [40%] Short-Answer Question:

1. [10%] Why do wild salmon populations face the threat of extinction while goldfish populations are in no such danger?

1. People like ^{eating} salmon more than goldfish.
2. 有些鮭魚是養殖的, 但有一大部分是捕捉野生的, 然而, 金魚絕大多數是養殖的,
3. 當捕捉過多, 多於魚的成長量, 魚數量會逐漸減少



2. [20%] If the average total cost curve is falling, what is necessarily true of the marginal cost curve? If the average total cost curve is rising, what is necessarily true of the marginal cost curve?

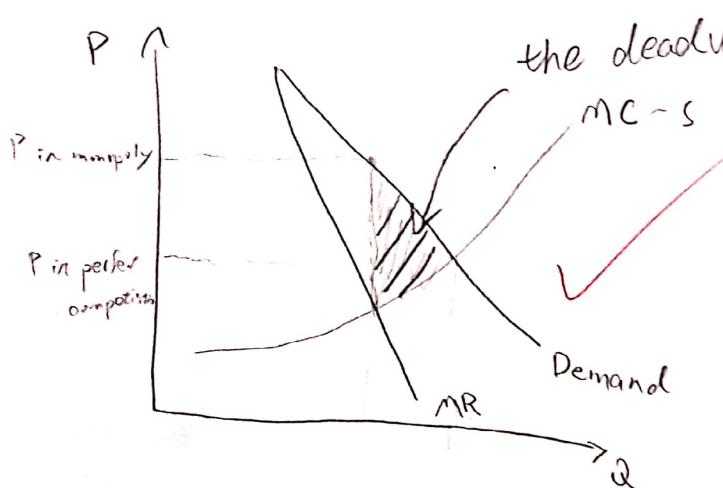


while ATC \uparrow , MC \uparrow as well.

and, MC is above ATC

while, ATC \downarrow tells nothing about the slope of MC
but MC is beneath ATC.

3. [10%] Graphically depict the deadweight loss caused by a monopoly.



the deadweight loss caused by a monopoly