Question #1 of 119

Question ID: 1456856

Concentration measures are *most likely* to be used to:

A) analyze barriers to entry into an industry.

B) identify the market structure of an industry.

C) measure elasticity of demand facing an industry.

Question #2 of 119

Question ID: 1456855

The *most* effective way to assess the impact of a potential merger on the market structure of an industry is to:

A) calculate the n-firm concentration ratio.

B) calculate the Herfindahl-Hirschman Index.

C) analyze barriers to entry.

Question #3 of 119

Question ID: 1456860

Which of the following *most accurately* describes a market with a single seller of a product that has no good substitutes?

A) Monopoly.

B) Monopolistic competition.

C) Oligopoly.

Question #4 of 119

Question ID: 1456753

Firms in perfectly competitive markets and firms operating in a market characterized by monopolistic competition have several things in common. Which of the following is *least likely* one of them? Both:

A) face perfectly elastic demand curves.

B) maximize economic profit.

C) operate in markets that have low or no barriers to entry.

Question #5 of 119

Question ID: 1456760

Which of the following is *least likely* to be considered a feature that is common to both monopolistic competition and perfect competition?

A) Extensive advertising to differentiate products.

B) Low or no barriers to entry.

C) Zero economic profits in the long run.

Question #6 of 119

Question ID: 1456814

In the dominant firm model of oligopoly, it is *least likely* that one firm:

A) is the innovation leader in product development.

B) has a significant cost advantage over its competitors.

C) effectively sets the price in the market.

Question #7 of 119

Question ID: 1456788

When a firm operates under conditions of perfect competition, marginal revenue always equals:

A) total cost.

B) average variable cost.

C) price.

Question #8 of 119

Question ID: 1456819

Which of the following describes the regulatory practice of setting prices at a level where the monopoly firm's average total cost curve intersects the demand curve?

A) Average cost pricing.

B) Marginal cost pricing.

C) Cost-of-service pricing.

Question #9 of 119

Question ID: 1456839

Which of the following is *least* accurate regarding the allocative efficiency associated with price discrimination? Price discrimination:

A) results in gains to the discriminating firm by selling to consumers with relatively inelastic demand.

B) leads to a decrease in allocative efficiency.

C) leads to production where the sum of consumer surplus and producer surplus is greater than it would be otherwise.

Question #10 of 119

Question ID: 1456823

Which of the following is *least accurate* regarding the relationship between price (P), marginal revenue (MR), average total cost (ATC), and marginal cost (MC) at the profit maximizing output under monopoly?

A) MR < ATC.

B) MR = MC.

C) P = MR.

Question #11 of 119

Question ID: 1462779

To benefit from price discrimination, a monopolist *least likely* needs to have:

A) a way to prevent reselling between types of consumers.

B) a higher-quality product at a premium price and a lower-quality alternative.

C) two identifiable groups of consumers with different price elasticities of demand for the product.

Question #12 of 119

Question ID: 1456847

The difference in production outcomes between monopolistic firms and purely competitive firms is *best* explained by the fact that:

A) monopolists maximize profits by setting output such that marginal revenue exceeds marginal cost.

B) monopolists maximize profits by setting output such that marginal revenue is maximized.

C) the profit maximizing output level for monopolists occurs at lower levels of production than for purely competitive firms.

Question #13 of 119

Question ID: 1456770

Which one of the following is *most likely* to contribute to the presence of monopoly in an industry?

A) Inefficiency attributable to bureaucratic decision-making procedures in the industry.

B) Diseconomies of scale.

C) Legal barriers to entry into the industry.

Question #14 of 119

Question ID: 1456782

A profit maximizing firm will expand output as long as marginal revenue is:

A) greater than average fixed cost.

B) less than marginal cost.

C) greater than marginal cost.

Question #15 of 119

Question ID: 1456775

A firm operating as a price taker will produce the quantity at which:

A) revenue is maximized.

B) it earns long-run economic profit.

C) marginal revenue equals marginal cost.

Question #16 of 119

Question ID: 1456800

What is the relationship between price and marginal revenue for a price searcher?

A) Marginal revenue > price.

B) Marginal revenue = price.

C) Marginal revenue < price.

Question #17 of 119

Question ID: 1456761

Which of the following is *most likely* to be considered a characteristic of monopolistic competition?

A) Differentiated products.

B) High barriers to entry and exit.

C) Inelastic demand curves.

Question #18 of 119

Question ID: 1456754

Which of the following is *most likely* to be a characteristic of an oligopolistic industry?

A) Low barriers to entry.

B) Interdependence among firms.

C) Many sellers.

Question #19 of 119

Question ID: 1456826

Which of the following statements about monopolies is *most* accurate?

A) A monopoly structure is characterized by a well-defined product for which there are no good complements.

B) Monopolists charge the highest possible price.

C) A monopolist's optimal production quantity is at the point where marginal revenue equals marginal cost.

Question #20 of 119

Question ID: 1462774

Which of the following is *most likely* a characteristic of monopolistic competition?

A) Producer decisions are interdependent.

B) Each producer offers a differentiated product.

C) Producers face horizontal demand curves.

Question #21 of 119

Question ID: 1456774

Which of the following is *most likely* a characteristic of perfect competition?

A) Different firms sell their output at different prices.

B) Barriers to entry are not a significant factor.

C) The number of firms in the market is small.

Question #22 of 119

Question ID: 1456821

In a natural monopoly:

A) one firm controls all natural resources.

B) the average total cost of production continually declines with increased output.

C) the price charged by a monopolist is determined by the intersection of the demand curve with the marginal cost curve.

Question #23 of 119

Question ID: 1456802

Which of the following is *least* accurate with regard to advertising for firms operating under monopolistic competition?

A) Advertising expenses are high relative to perfect competition and monopoly.

B) Advertising may decrease average total cost.

C) The increase to average total costs associated with advertising increases as output increases.

Question #24 of 119

Question ID: 1456763

Under which type of market structure are the production and pricing alternatives of a firm *most* affected by the decisions of its competitors?

A) Monopolistic competition.

B) Oligopoly.

C) Perfect competition.

Question #25 of 119

Question ID: 1462775

A business believes a price discrimination strategy will increase both its output and profits. For this to occur, the firm must have:

A) customers who cannot resell the product and whose price elasticities of demand are in a limited range.

B) distinct groups of customers with different price elasticities of demand who are able to resell the product.

C) distinct groups of customers with different price elasticities of demand who cannot resell the product.

Question #26 of 119

Question ID: 1456846

Which of the following statements regarding monopolies is *least accurate*?

A) For price discrimination to increase economic profit, the seller must identify at least two groups of customers, each with a different price elasticity of demand.

B) If a monopolist produces the quantity of output for which marginal cost equals marginal revenue, it will earn an economic profit.

C) Monopolists are price searchers and must experiment with different prices to find the one that maximizes profit.

Question #27 of 119

Question ID: 1456811

If a profit maximizing firm finds that its marginal revenue exceeds its marginal cost, it should increase output:

A) if it is a price searcher, but not if it is a price taker.

B) if it is a price taker, but not if it is a price searcher.

C) regardless of whether it is a price taker or a price searcher.

Question #28 of 119

Question ID: 1456836

Compared to a competitive market, a monopoly situation will produce:

A) less output, and the sum of the consumer surplus and the producer surplus will be increased.

B) less output, and the sum of the consumer surplus and the producer surplus will be reduced.

C) more output, and the sum of the consumer surplus and the producer surplus will be reduced.

Question #29 of 119

Question ID: 1456829

The short-run supply curve to a firm operating under perfect competition is *most* accurately described as the segment of the:

A) average total cost (ATC) curve above the average variable cost (AVC) curve.

B) marginal cost (MC) curve above the average variable cost (AVC) curve.

C) marginal cost (MC) curve below the average total cost (ATC) curve.

Question #30 of 119

Question ID: 1456780

Under perfect competition, a firm will be inclined to increase output as long as which of the following conditions exists?

A) Marginal revenue is greater than marginal cost.

B) Marginal revenue is greater than the average cost.

C) Marginal cost is less than average cost.

Question #31 of 119

Question ID: 1456751

The demand curves faced by monopolistic competitors is:

A) elastic due to the availability of many close substitutes.

B) inelastic due to the availability of many complementary goods.

C) not sensitive to price due to absence of close substitutes.

Question #32 of 119

Question ID: 1456845

Monopolists will maximize profit by producing at an output level where which of the following conditions exists?

A) Price = demand = marginal revenue = marginal cost.

B) Price = marginal revenue = marginal cost.

C) Marginal revenue = marginal cost < price.

Question #33 of 119

Question ID: 1456840

Which of the following is *least likely* to be considered a necessary condition for a monopolist to realize profits from price discrimination?

A) A product for which the demand curve is downward sloping.

B) The ability to prevent trading between customers in different price groups.

C) Two different costs of production.

Question #34 of 119

Question ID: 1456859

The type of economic market that features a large number of competitors offering differentiated products is *best* characterized as:

A) monopolistic competition.

B) oligopoly.

C) perfect competition.

Question #35 of 119

Question ID: 1456844

In order for effective price discrimination to occur the seller must:

A) maximize revenue by selling at the highest price possible.

B) face a demand curve with a negative slope.

C) have more than one identifiable group of customers with the same price elasticities of demand for the product.

Question #36 of 119

Question ID: 1456790

A perfectly competitive firm will choose to produce the quantity for which:

A) its marginal revenue is zero.

B) the marginal cost is less than marginal revenue.

C) the market price is equal to its marginal cost.

Question #37 of 119

Question ID: 1456816

Consider the following statements:

Statement 1: "When oligopoly firms cheat on price fixing agreements, the result increases economic efficiency."

Statement 2: "Monopolistic competition is inefficient because a large deadweight loss from advertising and marketing costs is a characteristic of this form of competition."

With respect to these statements:

A) only one is correct.

B) both are correct.

C) both are incorrect.

Question #38 of 119

Question ID: 1456789

Which of the following is *most accurate* for a price-taker firm in long-run equilibrium when there are no barriers to entry?

A) P = AVC = MR.

B) P = MC = ATC = MR.

C) TC = TR = MC.

Question #39 of 119

Question ID: 1456799

Which of the following is the *most likely* result of a technological improvement in a perfectly competitive industry?

A) The industry supply curve shifts to the right.

B) Individual firms' supply curves shift to the left.

C) The costs for individual firms increase.

Question #40 of 119

Question ID: 1456749

One way in which monopolistic competition can be distinguished from perfect competition is that in monopolistic competition:

A) each firm faces a perfectly elastic demand curve.

B) marginal revenue is greater than marginal cost at the quantity produced.

C) price is greater than marginal cost.

Question #41 of 119

Question ID: 1456857

The *most likely* limitation of the N-firm and Herfindahl-Hirschman concentration measures in assessing market power is that they:

A) are both backward looking.

B) are insensitive to mergers within the industry.

C) do not explicitly include the effects of potential competition.

Question #42 of 119

Question ID: 1456812

The kinked demand model assumes that at prices above the current price, the demand curve becomes:

A) less elastic because competitors will not increase their prices.

B) more elastic because competitors will increase their prices.

C) more elastic because competitors will not increase their prices.

Question #43 of 119

Question ID: 1456813

The kinked demand model assumes that below the current price, the demand curve becomes:

A) less elastic because competitors will decrease their prices.

B) less elastic because competitors will not decrease their prices.

C) more elastic because competitors will decrease their prices.

Question #44 of 119

Question ID: 1456822

A monopolist will continue expanding output as long as:

A) marginal revenue is positive.

B) marginal revenue is greater than marginal cost.

C) economic profit is greater than zero.

Question #45 of 119

Question ID: 1456824

Which of the following is *least* relevant when explaining why monopoly firms can earn positive economic profits over the long term?

A) The ability to use price discrimination.

B) The existence of economies of scale.

C) Control over production input resources.

Question #46 of 119

Question ID: 1456791

Firms in a perfectly competitive industry will increase their output until which of the following conditions is met?

A) Marginal revenue equals average total cost.

B) Marginal cost equals price.

C) Total revenue equals price.

Question #47 of 119

Question ID: 1456863

A market has the following characteristics:

- There is a large number of independent sellers.
- Each produces a differentiated product.
- There are low barriers to entry.
- Producers face downward-sloping demand curves.
- Demand is highly elastic.

This market is *best* characterized as:

A) a monopoly.

B) monopolistic competition.

C) an oligopoly.

Question #48 of 119

Question ID: 1462781

Firms in an industry characterized by perfect competition exit the market because they are experiencing economic losses. What will be the effect on the equilibrium market price and the effect on the total revenue of a firm that remains in the industry in the short run?

	Price	Revenue
A)	Decrease	Increase

B)	Increase	Increase
C)	Increase	Decrease

Question #49 of 119

Question ID: 1456820

When a regulatory agency requires a monopolist to use average cost pricing, the intent is to produce the quantity where the:

A) the market demand curve intersects the average total cost curve.

B) marginal revenue curve intersects the marginal cost curve.

C) average total cost curve intersects the marginal revenue curve.

Question #50 of 119

Question ID: 1456830

Under perfect competition, the short-run market supply curve is *most accurately* described by which of the following statements? The market short-run supply curve is the:

A) average of the quantities at each price along the marginal cost curve for all firms in a given industry.

B) sum of the quantities at each price along the average total cost curve for all firms in a given industry.

C) sum of the quantities at each price along the marginal cost curves for all firms in a given industry.

Question #51 of 119

Question ID: 1456864

Assume that the market for paper supplies and the market for toothpicks have the following characteristics:

The *Market for Paper Supplies* is comprised of:

- A large number of independent sellers
- Differentiated products
- Low barriers to entry/exit

The *Market for Toothpicks* is comprised of:

- A large number of independent sellers
- Homogeneous products
- No barriers to entry/exit

The Papyrus Company operates in the market for paper supplies and Wudden Floss operates in the toothpick market. The sales managers for both companies want to know how a change in price will affect the quantity sold.

Which of the following choices *best* completes the following sentence? If both firms increase prices, the quantity sold by Papyrus Company will:

A) increase, and the quantity sold by Wudden Floss will decrease.

B) decrease, and Wudden Floss will sell nothing.

C) decrease, and so will the quantity sold by Wudden Floss.

Question #52 of 119

Question ID: 1456752

Which of the following regarding monopolistic competition is *most accurate*?

A) Each firm produces a differentiated product.

B) There are very few independent sellers.

C) Zero barriers to entry and exit exist.

Question #53 of 119

Question ID: 1456835

A monopolist will expand production until:

A) P = MC and the price of the product will be determined by the MC curve.

B) MR = MC and the price of the product will be determined by the demand curve.

C) MR = MC and the price of the product will be determined by the MR curve.

Question #54 of 119

Question ID: 1456794

In a study seminar, the following comments were made:

Comment 1: "In the short run, an increase in demand in a perfectly competitive industry will result in negative economic profit for some firms in the industry."

Comment 2: "In the long run, a permanent increase in demand in a perfectly competitive industry will result in zero economic profit for the firms in the industry."

With respect to these comments:

A) only one is correct.

B) both are correct.

C) both are incorrect.

Question #55 of 119

Question ID: 1456862

A market structure characterized by a large number of firms all producing identical products is *best* described as:

A) monopoly.

B) perfect competition.

C) monopolistic competition.

Question #56 of 119

Question ID: 1456818

Which of the following is *least likely* to be considered a reason why regulation of monopolies is not effective?

A) Regulators do not know the firm’s cost structure.

B) Regulation shifts industry demand and increases prices.

C) Regulation reduces the incentive for firms to reduce costs.

Question #57 of 119

Question ID: 1456796

For a perfectly competitive firm in the short-run, what will be the effect of an increase in market demand on equilibrium price and quantity, respectively?

A) Increase; increase.

B) Decrease; increase.

C) Increase; decrease.

Question #58 of 119

Question ID: 1456838

Price discrimination is *most* accurately defined by which of the following? Price discrimination is the practice of charging different consumers different prices for:

A) the same product or service.

B) similar products that have different price elasticities of demand.

C) similar products that have identical per-unit production costs.

Question #59 of 119

Question ID: 1456757

Which one of the following is *least likely* a characteristic of monopolistic competition?

A) A single seller.

B) Differentiated products.

C) Low barriers to entry and exit.

Question #60 of 119

Question ID: 1456833

The short-run supply curve for a firm under perfect competition is the firm's:

A) average variable cost curve above marginal revenue.

B) marginal cost curve above average total cost.

C) marginal cost curve above average variable cost.

Question #61 of 119

Question ID: 1456765

Natural monopolies exist because they can produce at lower costs with greater output, which means there are economies of scale. Which of the following industries is typically a natural monopoly?

A) Utilities.

B) Technology.

C) Oil.

Question #62 of 119

Question ID: 1456801

Which of the following statements is *least* accurate with regard to the efficiency of monopolistic competition?

A) Consumers benefit from brand name promotion and advertising.

B) Monopolistic competition is at least as efficient as perfect competition.

C) The expense of advertising and promotion may not be justified by their benefit to consumers.

Question #63 of 119

Question ID: 1456852

Which of the following is *least likely* a necessary condition for a monopolist to realize increased profits from price discrimination?

A) A product for which the demand curve is downward sloping.

B) Two different costs of production.

C) The ability to prevent trading between customers in different price groups.

Question #64 of 119

Question ID: 1456832

The short-run supply curve for a price taker firm is the portion of the marginal cost (MC) curve:

A) above the average total cost (ATC) curve.

B) above the average variable cost (AVC) curve.

C) below the average variable cost (AVC) curve.

Question #65 of 119

Question ID: 1456773

Which of the following is *least likely* a barrier to entry?

A) Price controls.

B) Economies of scale.

C) Resource controls.

Question #66 of 119

Question ID: 1456797

Which of the following is *most likely* the long-term adjustment in a perfectly competitive industry that is characterized by firms incurring economic losses?

A) Equilibrium price will decrease.

B) Some existing firms will exit the market.

C) The industry supply curve will shift downward and to the right.

Question #67 of 119

Question ID: 1456809

Which of the following statements about the efficiency of monopolistic competition in allocating resources is *most accurate*?

A) Advertising expenditures under monopolistic competition represent a deadweight loss to society.

B) Product differentiation under monopolistic competition offers benefits that tend to offset inefficiency from the reduction in output compared to perfect competition.

C) Because economic profits in the long run are positive for firms in monopolistic competition, there are efficiency losses.

Question #68 of 119

Question ID: 1456834

A monopolist will maximize profits by:

A) producing at the point where price is equal to MR.

B) producing at the output level where marginal revenue equals average variable cost and charging a price along the demand curve that corresponds to the output rate.

C) producing at the output level where marginal revenue equals marginal cost and charging a price on the demand curve that corresponds to the output rate.

Question #69 of 119

Question ID: 1456758

Monopolistic competition differs from pure monopoly in that:

A) monopolistic competitors are price takers and monopolists are not.

B) monopolistic competitors have low barriers to entry and monopolists do not.

C) monopolists maximize profits and monopolistic competitors do not.

Question #70 of 119

Question ID: 1456841

For price discrimination to work, the seller must face a market with all of the following characteristics EXCEPT:

A) a downward sloping demand curve.

B) high barriers to entry.

C) a way of preventing customers from purchasing the product at a lower price and reselling it at a higher price.

Question #71 of 119

Question ID: 1456858

Which one of the following structures is characterized by free entry and exit, a differentiated product, and price searcher behavior?

A) Monopolistic competition.

B) Oligopoly.

C) Pure competition.

Question #72 of 119

Question ID: 1456768

Which of the following is *least likely* a barrier to entry?

A) Economies of scale.

B) Few sellers.

C) Government licensing and legal barriers.

Question #73 of 119

Question ID: 1456843

The practice of charging different consumers different prices for the same product or service is called:

A) price searching.

B) price discrimination.

C) variable pricing.

Question #74 of 119

Question ID: 1456776

Which of the following is *least likely* a characteristic of perfect competition?

A) The products produced within a given market are homogenous.

B) The demand curve for an individual firm is a vertical line.

C) The size of each firm is small relative to the size of the overall market.

Question #75 of 119

Question ID: 1456804

In the short run, price searchers maximize profits by producing output where marginal revenue (MR):

A) is greater than marginal costs (MC) and charging a price based on the demand curve.

B) equals marginal costs (MC) and charging a price based on the average total cost (ATC) curve.

C) equals marginal costs (MC) and charging a price based on the demand curve.

Question #76 of 119

Question ID: 1456861

A firm has the following characteristics:

- relatively small in size.
- marginal revenue is equal to the selling price.
- economic profits will not be earned for any significant period of time.

The firm is *best described* as existing in a(n):

A) monopolistic market structure.

B) price searcher market.

C) purely competitive market.

Question #77 of 119

Question ID: 1462776

Oligopolists have an incentive to cheat on collusive agreements in order to:

A) increase their individual share of the joint profit.

B) restrict output and put upward pressure on price.

C) avoid competitive practices.

Question #78 of 119

Question ID: 1456750

Monopolistic competition differs from pure monopoly in that:

A) monopolists maximize profit; monopolistic competitors do not.

B) monopolistic competitors are price takers, monopolists are not.

C) barriers to entry are high under monopoly, but low under monopolistic competition.

Question #79 of 119

Question ID: 1456759

An oligopoly is *least likely* characterized by:

A) a large number of sellers.

B) economies of scale.

C) barriers to entry.

Question #80 of 119

Question ID: 1456783

In the long-run, a firm operating under perfect competition will:

A) generate zero economic profit.

B) produce a quantity at which marginal revenue is less than marginal cost.

C) face a perfectly inelastic demand curve.

Question #81 of 119

Question ID: 1456806

Under monopolistic competition, companies can earn positive economic profits in:

A) neither the short run nor the long run.

B) the short run and in the long run.

C) the short run but not in the long run.

Question #82 of 119

Question ID: 1456772

Which of the following is *least likely* a condition of a perfectly competitive market?

A) Firms face elastic demand curves.

B) Indistinguishable products.

C) Sellers make economic profits.

Question #83 of 119

Question ID: 1456795

In the long-run, after all firms in a perfectly competitive industry have adopted new technology, the:

A) individual firm supply will increase as demand decreases.

B) price will be set where average variable cost is equal to marginal revenue.

C) price will equal minimum average total cost.

Question #84 of 119

Question ID: 1456767

Which of the following situations is *least likely* to lead to high barriers to entry and monopoly supply?

A) Natural resources are spread among many firms.

B) Governmental licensing and regulations are present.

C) Economies of scale are present.

Question #85 of 119

Question ID: 1456755

Which of the following is *least likely* a characteristic of an oligopoly?

A) Products can either be similar or differentiated.

B) Relatively small economies of scale.

C) There are few sellers.

Question #86 of 119

Question ID: 1456810

Which of the following statements about price takers and price searchers is *most* accurate?

A) In the long run, both price takers and price searchers will have zero economic profits.

B) Price takers maximize profits at the point price = marginal revenue = marginal cost.

C) In the long run, both price takers and price searchers maximize profits at the quantity corresponding to the minimum point on the average total cost curve.

Question #87 of 119

Question ID: 1462778

Which of the following statements about a monopolist is *least accurate*?

A) Unlike an oligopolist, a monopolist will always be able to earn economic profit.

B) The monopolist faces a downward sloping demand curve.

C) A profit-maximizing monopolist will expand output until marginal revenue equals marginal cost.

Question #88 of 119

Question ID: 1456771

A perfect competition has all of the following characteristics EXCEPT:

A) a differentiated product.

B) a large number of independent firms.

C) barriers to entry don't exist.

Question #89 of 119

Question ID: 1456748

Which of the following is *least accurate* regarding product development and marketing for firms under monopolistic competition?

A) Brand names can provide consumers with information regarding the quality of firm’s products.

B) Firms that bring new and innovative products to the market face relatively more elastic demand curves than their competitors.

C) Relative to other types of competition, product innovation is critical to the pursuit of economic profits.

Question #90 of 119

Question ID: 1456807

If an industry features differentiated products but has low barriers to entry, in the long run the firms in the industry will experience:

A) sustainable economic profits.

B) economic losses.

C) zero economic profits.

Question #91 of 119

Question ID: 1456815

Statement 1: "The kinked demand curve model of oligopoly assumes that a decrease in price will not be followed by other firms in the industry, but a price increase will."

Statement 2: "Firms in monopolistic competition have high advertising expenses because they want to create the perception that their product is different from their competitors' products when the competing products are actually quite similar."

With respect to these statements:

A) both are correct.

B) both are incorrect.

C) only one is correct.

Question #92 of 119

Question ID: 1456803

In a market characterized by monopolistic competition, which of the following statements about advertising costs is *least* accurate?

A) Firms' advertising costs tend to be greater than those for firms in perfect competition.

B) Many firms spend a significant portion of their advertising budget on brand name promotion.

C) The average total cost attributable to advertising will increase as output increases.

Question #93 of 119

Question ID: 1456808

Which of the following *most* accurately describes why firms under monopolistic competition face elastic demand for their products?

A) Availability of substitutes.

B) Allocative efficiency.

C) High barriers to entry.

Question #94 of 119

Question ID: 1456766

Consider the following statements:

Statement 1: "The sum of consumer and producer surpluses is maximized under both monopoly and perfect competition."

Statement 2: "All else being equal, a monopolist that practices price discrimination will be more allocatively efficient than a single-price monopolist."

With respect to these statements:

A) both of these statements are accurate.

B) only one of these statements is accurate.

C) neither of these statements is accurate.

Question #95 of 119

Question ID: 1456837

Even though the producer surplus increases under a monopoly scenario, relative to one of perfect competition, the consumer surplus decreases by:

A) a greater amount.

B) an equal amount.

C) a lesser amount.

Question #96 of 119

Question ID: 1456769

Which of the following is *least likely* a barrier to entry?

A) Allocative Efficiency.

B) Economies of Scale.

C) Patents.

Question #97 of 119

Question ID: 1456831

The short-run supply curve for a firm in a perfectly competitive market is equal to the firm's:

A) AVC curve.

B) MC curve.

C) ATC curve.

Question #98 of 119

Question ID: 1456805

When firms are earning positive economic profits in an industry characterized as monopolistic competition, it is *most likely* that:

A) new competitors will enter the industry.

B) price takers will lose market share to price searchers.

C) these economic profits can be sustained in the long run.

Question #99 of 119

Question ID: 1456756

Characteristics of monopolistic competition include all of the following EXCEPT:

A) high barriers to entry.

B) large numbers of independent sellers.

C) differentiated products.

Question #100 of 119

Question ID: 1456781

In the long run, a perfectly competitive firm will earn:

A) sustainable economic profits.

B) zero economic profits.

C) incremental economic profits.

Question #101 of 119

Question ID: 1456777

The demand curve for a firm in a perfectly competitive market is:

A) downward sloping.

B) horizontal.

C) upward sloping.

Question #102 of 119

Question ID: 1456779

A perfectly competitive firm will continue to increase output so long as which of the following conditions exists?

A) Market price is greater than marginal cost.

B) Marginal revenue is positive.

C) Marginal revenue is greater than price.

Question #103 of 119

Question ID: 1456850

In which of the following market structures is price *least likely* to be greater than marginal cost?

A) Monopolistic competition.

B) Monopoly.

C) Perfect competition.

Question #104 of 119

Question ID: 1456851

The market structure in which a firm's optimal pricing strategy depends on the responses of other firms is:

A) Monopolistic competition.

B) Oligopoly.

C) Perfect competition.

Question #105 of 119

Question ID: 1456825

Which of the following statements about a monopolist is *least* accurate?

A) A profit-maximizing monopolist will expand output until marginal revenue equals marginal cost.

B) A profit-maximizing monopolist will supply less of his product than the amount consistent with the conditions of ideal static efficiency for an economy.

C) A monopolist will always be able to earn economic profit.

Question #106 of 119

Question ID: 1456786

A competitive firm will tend to expand its output as long as marginal:

A) cost is less than average cost.

B) revenue is greater than marginal cost.

C) revenue is greater than the average cost.

Question #107 of 119

Question ID: 1456787

Under perfect competition, a firm will experience zero long term economic profit when:

A) MC = ATC = MR = price.

B) MC is less than ATC.

C) price is less than average total cost.

Question #108 of 119

Question ID: 1456793

A technology that all of the firms in a perfectly competitive industry are using in their production process has been banned by new legislation. What will *most likely* be the effect if these firms stop using this technology?

A) Profit will no longer be maximized at the level of output where marginal cost is equal to the market price.

B) The quantity that the industry will supply at a given price will be reduced.

C) Firms will adopt a different technology that reduces their costs of production.

Question #109 of 119

Question ID: 1456784

A competitive firm will tend to expand its output as long as:

A) its marginal revenue is greater than the market price.

B) its marginal revenue is positive.

C) the market price is greater than the marginal cost.

Question #110 of 119

Question ID: 1456827

The short-run supply curve for a purely competitive market:

A) slopes downward to the right.

B) slopes upward to the right.

C) is a horizontal line.

Question #111 of 119

Question ID: 1462777

Compared to a competitive market result, a single-price monopoly will *most likely*:

A) result in lower output, deadweight loss, and less producer and consumer surplus.

B) adopt a marginal cost pricing strategy, which will decrease consumer surplus.

C) result in a higher price, less consumer surplus, and more producer surplus.

Question #112 of 119

Question ID: 1462780

Under which market structure is the profit maximizing strategy to produce the quantity of output for which the price is equal to marginal cost?

A) Monopoly.

B) Monopolistic competition.

C) Perfect competition.

Question #113 of 119

Question ID: 1456853

In which of the following industry structures is a firm *least likely* able to increase its total revenue by decreasing the price of its output?

A) Perfect competition.

B) Monopolistic competition.

C) Oligopoly.

Question #114 of 119

Question ID: 1456828

In a perfectly competitive industry, the short-run supply curve for the market is the:

A) sum of the individual supply curves for all firms in the industry.

B) marginal cost curve above the average variable cost curve.

C) marginal cost curve above the average total cost curve.

Question #115 of 119

Question ID: 1456842

Which of the following statements regarding a monopolist is *most* accurate?

A) A monopolist will charge the highest price for which he can sell his product.

B) A monopolist, like any other profit-maximizing firm, will sell at the output level where marginal revenue equals marginal cost.

C) A monopolist will maximize the average profit per unit sold.

Question #116 of 119

Question ID: 1456798

If the market demand for a product increases in a competitive market, then price:

A) will increase and quantity will decrease.

B) will decrease and quantity will increase.

C) and quantity will increase.

Question #117 of 119

Question ID: 1456764

Characteristics of an oligopoly *least likely* include:

A) significant barriers to entry.

B) identical products.

C) interdependence among competitors.

Question #118 of 119

Question ID: 1456762

A market that is characterized by monopolistic competition is *least likely* to feature:

A) sellers that produce a differentiated product.

B) a small number of independent sellers.

C) low barriers to entry.

Question #119 of 119

Question ID: 1456785

A firm operating under perfect competition will experience economic losses under which of the following conditions?

A) Marginal revenue is greater than average total cost.

B) Market price is less than average total cost.

C) Marginal cost is less than average total cost.