

[Jump to Navigation Frame](#)

 Your location: [Assessments](#) > [View All Submissions](#) > **View Attempt**

**View Attempt 1 of unlimited**

Title: **Assignment 9 DUE NOV 20**

Started: November 20, 2009 12:24 PM

Submitted: November 20, 2009 12:30 PM



Time spent: [00:06:32](#)

**Total score:** **17/20 = 85%** Total score adjusted by 0.0 Maximum possible score: 20

---

**1.**

In a monopolistically competitive industry,

Student Response	Value	Correct Answer	Feedback
1. there are barriers to exit.			
2. there are barriers to entry.			
3. there are few sellers.			
 4. each firm in the industry produces a slightly differentiated product.	100%		



Score: 1/1

Comments:

---

**2.**

The monopolistic competitor faces a \_\_\_\_ demand curve.

Student Response	Value	Correct Answer	Feedback
1. vertical			
2. upward-sloping			
 3. downward-sloping	100%		
4. horizontal			



Score: 1/1

Comments:

---

3.

If a monopolistically competitive firm raises its price, then

Student Response	Value	Correct Answer	Feedback
1. this is a trick question because the firm does not have the ability to change its price.			
 2. it should expect to lose some, but not all, of its customers.	100%		
3. it should expect to lose all of its customers because there are many other sellers of the product.			
4. it can sell all it wants because it faces a horizontal demand curve.			
5. it will be able to increase its profits.			

Score:



1/1

Comments:

---

4.

One of the ways in which monopolistic competitors differ from perfect competitors is that



Student Response	Value	Correct Answer	Feedback
1. perfect competitors produce the quantity of output at which marginal revenue equals marginal cost and monopolistic competitors do not.			
 2. perfect competitors produce a homogeneous product and monopolistic competitors do not.	100%		
3. there is easy entry and exit for a perfect competitor, but not for a monopolistic competitor.			
4. 1 and 3			
5. 2 and 3			

Score: 1/1

Comments:

5.

The monopolistic competitor produces the output at which

Student Response	Value	Correct Answer	Feedback
 1. marginal revenue equals marginal cost.	100%		
2. price equals			



marginal cost.
3. average total cost is at a minimum.
4. there is resource allocative efficiency.

Score: 1/1

Comments:

6.

The excess capacity theorem states that a monopolistic competitor



Student Response	Value	Correct Answer	Feedback
 1. generally does not attain long-run equilibrium, and thus charges a higher price than it should.	0%		
2. will produce an output level smaller than the one that would minimize its unit costs.			
3. typically produces too much of a good at too low a quality.			
4. will produce an output level where $MR > MC$ .			

Score: 0/1

Comments:

7.

Generally, the monopolistic competitor is in long-run equilibrium when

Student Response	Value	Correct Answer	Feedback
 1. $MR = MC$ and $P = ATC$ .	100%		
2. $P = MC = ATC$ .			
3. $P = MC$ and $P > ATC$ .			
4. $MR = MC = ATC$ .			
5. 2 and 4			



Score:

1/1

Comments:

8.

There are few sellers in

Student Response	Value	Correct Answer	Feedback
1. a perfectly competitive market structure.			
2. a monopolistic market structure.			
3. a monopolistically competitive market structure.			
 4. an oligopolistic market structure.	100%		

Score: 1/1

Comments:

9.

"Mutual interdependence" implies that firms in an industry

Student Response	Value	Correct Answer	Feedback
1. are so large and powerful that they do not need to consider how their actions will affect their rivals.			
 2. must consider the most likely reactions of their rivals to a change in price.	100%		
3. must depend on one another to maintain consumers' interest in their "mutual" product.			
4. are independent of one another and are essentially price takers.			

Score: 1/1



Comments:

---

10.

According to the kinked demand curve theory, in an oligopolistic market structure

Student Response	Value	Correct Answer	Feedback
1. if a firm raises its price, other			

firms will raise their prices.		
	2. the portion of a firm's demand curve below current price is highly elastic.	0%
	3. the portion of a firm's demand curve above current price is highly elastic.	
4. if a firm lowers its price, other firms will not lower their prices.		


Score: 0/1

Comments:

11.

The behavioral assumption in the kinked demand curve theory is that

Student Response	Value	Correct Answer	Feedback
1. if a single firm raises price, other firms will do likewise, but if a single firm lowers price, other firms will not necessarily			

follow suit.
<p>2. the biggest firm in the industry attempts to maximize profits, whereas the other firms in the industry attempt to maximize sales.</p>
<p> 3. if a single firm lowers price, other firms will do likewise, but if a single firm raises price, other firms will not necessarily follow suit. 100% </p>
<p>4. whatever the biggest firm in the industry does, the other firms in the industry will likely do, too.</p>

Score:

1/1



Comments:

12.

Exhibit 10-2



Refer to Exhibit 10-2. The firm currently charges what price for the product it sells?



Student Response	Value	Correct Answer	Feedback
1. $P_2$			
2. $P_4$			
 3. $P_1$	100%		
4. $P_3$			

Score: 1/1  
Comments:

13.

Exhibit 10-2

Refer to Exhibit 10-2. With a price \$1 higher than  $P_1$ , the firm would \_\_\_\_ sales than it would \_\_\_\_ with a \$1 lower price.



Student Response	Value	Correct Answer	Feedback
 1. lose more; gain	100%		
2. lose fewer; gain			
3. gain more; gain			
4. gain more; lose			

Score: 1/1

Comments:

14.

A cartel is an organization of firms

Student Response	Value	Correct Answer	Feedback
1. that deliberately attempts to disrupt the market for political reasons.			
2. dominated by one firm, which is usually referred to as the price leader.			
 3. that reduces output and increases price in an effort to increase joint	100%		



profits.
4. that attempts to increase total (or industry) demand for their product.

Score: 1/1

Comments:

15.

The "prisoner's dilemma" game illustrates a case in which



Student Response	Value	Correct Answer	Feedback
 1. individually rational behavior leads to a collectively inefficient outcome.	100%		
2. what is irrational individual behavior turns out to be ultra-irrational group behavior.			
3. the whole is greater than the sum of the parts.			
4. none of the above			

Score: 1/1

Comments:

16.

In the prisoner's dilemma, both prisoners end up \_\_\_\_, which turns out to be \_\_\_\_ confessed.

Student Response	Value	Correct Answer	Feedback
1. confessing; worse for them than if they had both not			
2. not confessing; worse for them than if they had both			
 3. not confessing; better for them than if they had both	0%		
4. confessing; better for them than if they had both not			



Score: 0/1

Comments:

17.

### Exhibit 10-3

Refer to Exhibit 10-3. Which of the following points represents the profit-maximizing quantity and price of a monopolistic competitor?

Student Response	Value	Correct Answer	Feedback
1. E			
 2. A	100%		
3. C			
4. B			
5. D			



Score: 1/1

Comments:

18.

### Exhibit 10-3

Refer to Exhibit 10-3. Profits of this monopolistic competitor equal the area



Student Response	Value	Correct Answer	Feedback
 1. $P_3P_1AC$ .	100%		
2. $OP_4DQ_3$ .			
3. $P_5P_3CE$ .			
4. $OQ_1$ times $P_2P_5$ .			
5. $OQ_1$ times $P_2P_4$ .			

Score: 1/1

Comments:

19.

For a monopoly firm, price is \_\_\_\_ marginal revenue, and for a monopolistically competitive firm, price is \_\_\_\_ marginal revenue.



Student Response	Value	Correct Answer	Feedback
1. greater than; less than			
2. equal to; less than			
 3. greater than; greater than	100%		
4. greater than; equal to			
5. less than; equal to			

Score: 1/1

Comments:

20.

Cartels often dissolve because

Student Response	Value	Correct Answer	Feedback
1. their members often set a time limit as to how long the cartel should exist.			
 2. their members often cheat on the cartel agreements because they have incentive to.	100%		
3. their			

members often find that they do not earn as high profits from the cartel as they had hoped to.
4. firms in a cartel face different costs than firms outside a cartel.
5. none of the above

Score: 1/1

Comments: