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Title: **Assignment 6 DUE OCT 30**

Started: October 30, 2009 12:28 AM



Submitted: October 30, 2009 11:54 AM

Time spent: [11:26:46](#)

Total score: **18/20 = 90%** Total score adjusted by 0.0 Maximum possible score: 20

1.

Average fixed cost

Student Response	Value	Correct Answer	Feedback
1. is usually greater at lower levels of output than at higher levels.			
2. does not change as output changes.			
3. exists only in the short run.			
4. is usually greater at higher levels of output than at lower levels of output.			
 5. 1 and 3	100%		



Score: 1/1

Comments:

2.

Cy recently went into the business of producing and selling cardboard boxes. For this business, which of the following is most likely to be a fixed cost?

Student Response	Value	Correct Answer	Feedback
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 1. fire insurance	100%	
2. labor costs		
3. paper costs		
4. long-distance telephone costs		
5. all are equally likely to be fixed costs		

Score: 1/1

Comments:

3.

At 100 units of output, total cost is \$30,000 and total variable cost is \$14,000. What does average fixed cost equal at 100 units?



Student Response	Value	Correct Answer	Feedback
1. \$300			
 2. \$160	100%		
3. \$140			
4. There is not enough information to answer the question.			

Score: 1/1

Comments:

4.

The change in total cost that results from a change in output is ____ cost.

Student Response	Value	Correct Answer	Feedback
 1. average variable	0%		
2. marginal			



3. average fixed
4. average total

Score: 0/1

Comments:

5.

The law of diminishing marginal returns holds for a situation in which

Student Response	Value	Correct Answer	Feedback
1. all inputs are increased in the same proportion.			
 2. hiring more inputs reduces productivity.	100%		
3. all inputs are fixed.			
4. all inputs are variable.			



Score: 1/1

Comments:

6.

"As additional units of a variable input are added to a fixed input, eventually the marginal physical product of the variable input will decline." This is a statement of the

Student Response	Value	Correct Answer	Feedback
1. law of supply.			
2. law of diminishing marginal utility.			



 3. law of diminishing marginal returns.	100%	
4. average-marginal rule.		

Score: 1/1

Comments:

7.

A rising marginal cost curve is a reflection of a

Student Response	Value	Correct Answer	Feedback
1. rising average variable cost curve.			
2. falling average fixed cost curve.			
3. rising marginal product curve.			
 4. falling marginal product curve.	100%		

Score: 1/1



Comments:

8.

Exhibit 7-1

(1) Variable Input	(2) Fixed Input	(3) Quantity of Output	(4) MPP of Variable Input
0	1	0	
1	1	20	<u>A</u>
2	1	41	<u>B</u>
3	1	63	<u>C</u>
4	1	86	<u>D</u>
5	1	108	<u>E</u>
6	1	129	<u>F</u>

Refer to Exhibit 7-1. Diminishing marginal returns set in with the addition of which unit of the variable input?



Student Response	Value	Correct Answer	Feedback
1. the second			
2. the sixth			
 3. the fifth	100%		
4. the fourth			

Score: 1/1

Comments:

9.

There are 30 students in a class. The average grade for 29 of the students is 87. The grade of the remaining student is 84. Given this student's grade, the average grade of the 30-student class will be


Student Response	Value	Correct Answer	Feedback
 1. lower than 87.	100%		
2. 84.			
3. 87.			
4. higher than 87.			


Score: 1/1

Comments:

10.

If the average variable cost curve is falling,

Student Response	Value	Correct Answer	Feedback
1. the MC curve must be below it.			
2. marginal cost is greater than			



average variable cost.	
3. the MC curve is necessarily rising.	
 4. the MC curve is necessarily falling.	0%
5. the MC curve is necessarily horizontal (neither rising nor falling).	

Score: 0/1

Comments:

11.

If the marginal cost (MC) curve is rising and is above the average fixed cost (AFC) curve, then

Student Response	Value	Correct Answer	Feedback
1. the AFC curve is rising.			
 2. the AFC curve is declining, although the MC curve has nothing to do with this.	100%		
3. the AFC curve is at its minimum point.			
4. the AFC curve is at its maximum point.			



5. Nothing certain can be said about the AFC curve without additional information.

Score: 1/1

Comments:

12.

In the long run,



Student Response	Value	Correct Answer	Feedback
 1. all costs are variable costs.	100%		
2. all costs are fixed costs.			
3. there are no variable costs.			
4. 2 and 3			

Score: 1/1

Comments:

13.

The marginal cost curve cuts the ____ curve at its lowest point.

Student Response	Value	Correct Answer	Feedback
1. average variable cost			
2. average total cost			
3. average fixed cost			
 4. 1 and 2	100%		



5. 1, 2, and 3

Score: 1/1

Comments:

14.

Which of the following cost curves is *never* U-shaped?



Student Response	Value	Correct Answer	Feedback
1. the marginal cost curve			
2. the average total cost curve			
 3. the average fixed cost curve	100%		
4. the average variable cost curve			

Score: 1/1

Comments:

15.

Economies of scale are said to exist when inputs are increased by some percentage and output increases by a(n) ____ percentage, causing unit costs to ____.

Student Response	Value	Correct Answer	Feedback
1. equal; fall			
 2. greater; fall	100%		
3. greater; rise			
4. smaller; rise			
5. smaller; fall			

Score: 1/1



Comments:

16.

Exhibit 7-2

(1) Variable Input	(2) Price per Variable Input	(3) Total Fixed Cost	(4) Output	(5) Marginal Cost
1	\$10	\$100	20	
2	\$10	\$100	21	<u>A</u>
3	\$10	\$100	23	<u>B</u>
4	\$10	\$100	26	<u>C</u>
5	\$10	\$100	28	<u>D</u>

Refer to Exhibit 7-2. The dollar amounts that go in blanks C and D are, respectively,

Student Response	Value Correct Answer	Feedback
 1. \$3.33 and \$5.00.	100% 	
2. \$10.00 and \$1.00.		
3. \$10.00 and \$10.00.		
4. \$5.00 and \$10.00.		
5. \$10.00 and \$3.33.		

Score: 1/1



Comments:

17.

Exhibit 7-2

(1) Variable Input	(2) Price per Variable Input	(3) Total Fixed Cost	(4) Output	(5) Marginal Cost
1	\$10	\$100	20	
2	\$10	\$100	21	<u>A</u>
3	\$10	\$100	23	<u>B</u>
4	\$10	\$100	26	<u>C</u>
5	\$10	\$100	28	<u>D</u>

Refer to Exhibit 7-2. The dollar amounts that go in blanks A and B are, respectively,

	Student Response	Value	Correct Answer	Feedback
 1.	\$10.00 and \$5.00.	100%		
2.	\$10.00 and \$10.00.			
3.	\$2.00 and \$10.00.			
4.	\$1.00 and \$5.00.			
5.	\$10.00 and \$3.33.			

Score: 1/1



Comments:

18.

Exhibit 7-2

(1) Variable Input	(2) Price per Variable Input	(3) Total Fixed Cost	(4) Output	(5) Marginal Cost
1	\$10	\$100	20	
2	\$10	\$100	21	<u>A</u>
3	\$10	\$100	23	<u>B</u>
4	\$10	\$100	26	<u>C</u>
5	\$10	\$100	28	<u>D</u>

Refer to Exhibit 7-2. What is the average total cost of producing 28 units of output?



	Student Response	Value	Correct Answer	Feedback
1.	\$16.92			
2.	\$4.23			
3.	\$0.26			
 4.	\$5.36	100%		

Score: 1/1

Comments:

19.

If inputs are increased by 10 percent and output increases by 10 percent, then ____ are said to exist.



Student Response	Value	Correct Answer	Feedback
 1. constant returns to scale	100%		
2. economies of scale			
3. diseconomies of scale			
4. diminishing marginal returns			

Score: 1/1

Comments:

20.

Minimum efficient scale refers to the

Student Response	Value	Correct Answer	Feedback
 1. lowest output level at which average total costs are minimized.	100%		
2. output level at which the LRATC curve touches each SRATC curve.			
3. smallest plant size a firm can utilize and still maintain			

production.
4. lowest point on a given SRATC curve.

Score: 1/1

Comments: