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

View Attempt 1 of unlimited

Title: **Assignment 8 DUE NOV 13**

Started: November 12, 2009 11:10 PM


Submitted: November 13, 2009 12:50 AM

Time spent: [01:39:45](#)

Total score: **19/20 = 95%** Total score adjusted by 0.0 Maximum possible score: 20

1.

The theory of monopoly assumes that the monopoly firm

Student Response	Value	Correct Answer	Feedback
1. faces a downward-sloping supply curve that is the same as its marginal revenue curve.			
 2. faces a downward-sloping demand curve.	100%		
3. produces more than the perfectly competitive firm under identical demand and cost conditions.			
4. produces a product for which there are many close substitutes.			
5. none of the above			



Score:

1/1

Comments:

2.

A natural monopoly exists when

Student Response	Value	Correct Answer	Feedback
1. a firm is the exclusive owner of a key resource necessary to produce the firm's product.			
2. there are no close substitutes for a firm's product.			
3. a monopolist produces a product, the main component of which is a natural resource.			
 4. economies of scale are so large that only one firm can survive and achieve low unit costs.	100%		


Score: 1/1

Comments:

3.

Which of the following is the best example of a monopoly?

Student Response	Value	Correct Answer	Feedback
1. a wheat farmer			



2. a department store		
3. a fast-food restaurant		
 4. a local power utility	100%	

Score: 1/1

Comments:

4.

For the monopoly firm that does *not* engage in perfect price discrimination,



Student Response	Value	Correct Answer	Feedback
 1. the marginal revenue curve lies below the demand curve.	100%		
2. the marginal revenue curve and demand curve are the same.			
3. the marginal revenue curve lies above the demand curve.			
4. marginal revenue equals price.			
5. 3 and 4			

Score: 1/1

Comments:

5.

In maximizing profits, a single-price monopolist will charge a price that is


Student Response	Value	Correct Answer	Feedback
1. There is not enough information to answer the question.			
 2. greater than marginal cost.	100%		
3. less than marginal cost.			
4. equal to marginal cost.			


Score: 1/1

Comments:

6.

The perfectly competitive firm charges a price equal to ____ while the monopolist charges a price ____.

Student Response	Value	Correct Answer	Feedback
1. marginal revenue; equal to marginal cost			
 2. marginal cost; greater than marginal cost	0%		
3. marginal revenue; greater than marginal revenue			
4. average total cost; greater than			



average total cost	
5. 2 and 3	

Score: 0/1

Comments:

7.

For a firm that perfectly price discriminates,



Student Response	Value	Correct Answer	Feedback
1. price is less than marginal revenue.			
2. price has no definite relationship with marginal revenue.			
 3. price equals marginal revenue.	100%		
4. price is greater than marginal revenue.			

Score: 1/1

Comments:

8.

If a perfectly competitive firm and a single-price monopolist face the same demand and cost curves, then the competitive firm will produce a

Student Response	Value	Correct Answer	Feedback
 1. greater output and charge a lower price than the monopolist.	100%		
2. greater			

output but charge the same price as the monopolist.
3. smaller output and charge a higher price than the monopolist.
4. smaller output and charge a lower price than the monopolist.
5. greater output and charge a higher price than the monopolist.



Score: 1/1

Comments:

9.

Exhibit 9-1

Refer to Exhibit 9-1. If the product is produced under perfect competition, what quantity will be produced and what price will be charged?

Student Response	Value	Correct Answer	Feedback
1. Q_1 units at P_1			
2. Q_1 units at P_2			
 3. Q_2 units at P_1	100%		
4. Q_2 units at P_2			



Score: 1/1

Comments:

10.

Exhibit 9-1

Refer to Exhibit 9-1. If the product is produced under single-price monopoly, what quantity will be produced and what price will be charged?

Student Response	Value	Correct Answer	Feedback
1. Q_1 units at P_1			
2. Q_2 units at P_2			
3. Q_2 units at P_1			
 4. Q_1 units at P_2	100%		



Score: 1/1

Comments:

11.

Exhibit 9-1

Refer to Exhibit 9-1. If the product is produced under single-price monopoly, what do profits equal?

Student Response	Value	Correct Answer	Feedback
1. area OP_1BQ_1			
2. area BCA			
 3. area P_1P_2CB	100%		
4. area P_2CAP_1			
5. none of the above			



Score: 1/1

Comments:

12.

Exhibit 9-1

Refer to Exhibit 9-1 The deadweight loss of monopoly is identified by what area?

Student Response	Value	Correct Answer	Feedback
1. area Q_1BAQ_2			
 2. area BCA	100%		
3. area P_1P_2CB			
4. area OP_1BQ_1			
5. none of the above			



Score: 1/1

Comments:

13.

By adhering to the $MR = MC$ rule, a single-price monopoly

Student Response	Value	Correct Answer	Feedback
1. is not earning as large a profit as it can by setting $MR = (MC - P)$.			
2. will always have an			



above-zero profit.
<div>  3. maximizes its profit, which may mean minimizing its losses. </div> <div>100%</div> <div></div>
4. will always have a normal profit.

Score: 1/1

Comments:

14.

A monopoly



Student Response	Value	Correct Answer	Feedback
1. can charge whatever price it wants.			
2. always earns a positive economic profit.			
3. is constrained by marginal cost in setting price.			
<div>  4. is constrained by demand in setting price. </div> <div>100%</div> <div></div>			
5. all of the above			

Score: 1/1

Comments:

15.

A single-price monopolist sets a price of \$35. Which of the following is true?

Student Response	Value	Correct Answer	Feedback
1. The average cost of that unit must be \$35.			
2. The marginal revenue of that unit must be \$35.			
 3. The marginal revenue of that unit must be less than \$35.	100%		
4. The marginal cost of that unit must be \$35.			

Score:



1/1

Comments:

16.

Exhibit 9-2

Refer to Exhibit 9-2. The monopolist is maximizing profits at

Student Response	Value	Correct Answer	Feedback
1. Q_0 units and charging a price of P_0 .			
2. Q_0 units and charging a price of P_1 .			
 3. Q_0 units and charging a price of P_3 .	100%		
4. Q_0 units and charging a price of P_2 .			
5. none of the above			

Score: 1/1



Comments:

17.

Exhibit 9-2

Refer to Exhibit 9-2. This monopolist is earning

Student Response	Value	Correct Answer	Feedback
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 1. an economic profit of area P_2CFP_3 .	100%	
2. an economic loss of area P_0ACP_2 .		
3. an economic loss of area P_2CFP_3 .		
4. an economic profit of area P_0ACP_2 .		

Score: 1/1

Comments:

18.

Market demand is given by $P = 25 - .5Q$. MC and ATC are constant and equal to 10. The firm's marginal revenue is given by $MR = 25 - Q$. A profit-maximizing monopolist will produce output equal to _____ and charge a price equal to _____

Student Response	Value	Correct Answer	Feedback
1. 15, \$10			
2. 17.5, \$15			
3. 30, \$10.			
 4. 15, \$17.5	100%		

Score: 1/1

Comments:

19.

Market demand is given by $P = 25 - .5Q$. MC and ATC are constant and equal to 10. The firm's marginal revenue is given by $MR = 25 - Q$. The deadweight loss due to monopoly is

Student Response	Value	Correct Answer	Feedback
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1. \$100		
2. \$150		
3. \$262.50		
 4. \$56.25.	100%	

Score: 1/1

Comments:

20.

Market demand is given by $P = 25 - .5Q$. MC and ATC are constant and equal to 10. The firm's marginal revenue is given by $MR = 25 - Q$. Producer surplus for a monopolist is

Student Response	Value	Correct Answer	Feedback
1. \$150			
2. \$318.75.			
 3. \$112.50	100%		
4. \$168.75			

Score: 1/1

Comments: