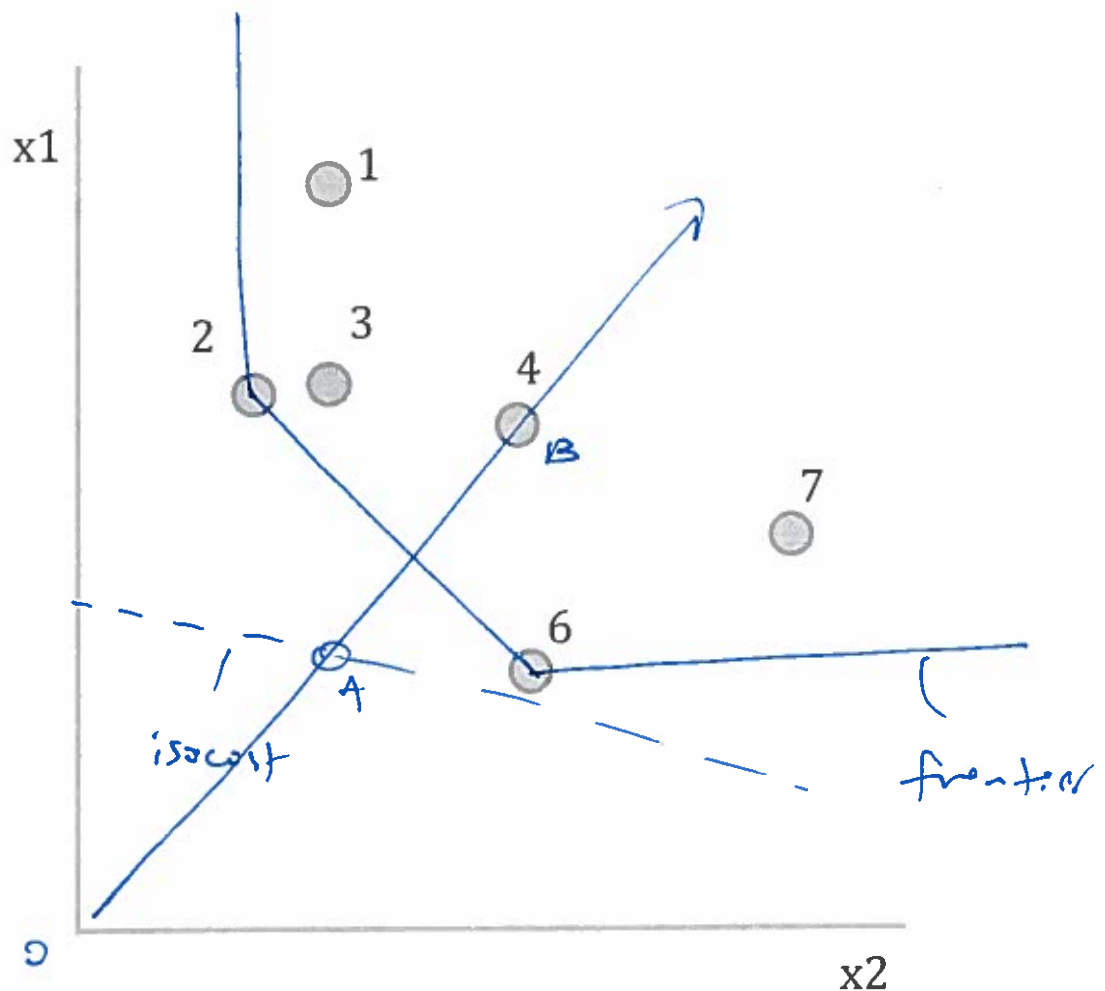


Name key

Quiz

1. The plot below shows 7 firms using various levels of inputs (x_1 and x_2), all achieving an output of 100. Do the following:
 - a. Draw the efficient frontier and state which firms are technically efficient.
 - b. Suppose a unit of x_1 is 2 times as expensive as x_2 , which of the technically efficient firms have an allocative efficiency of 1?
 - c. For firm 4, show graphically what its overall efficiency is (don't worry about estimating the value).



c) 2 and 6

b) 6

$$=) OE_4 = \frac{d(0A)}{d(0B)}$$