

Review Test Submission: Midterm

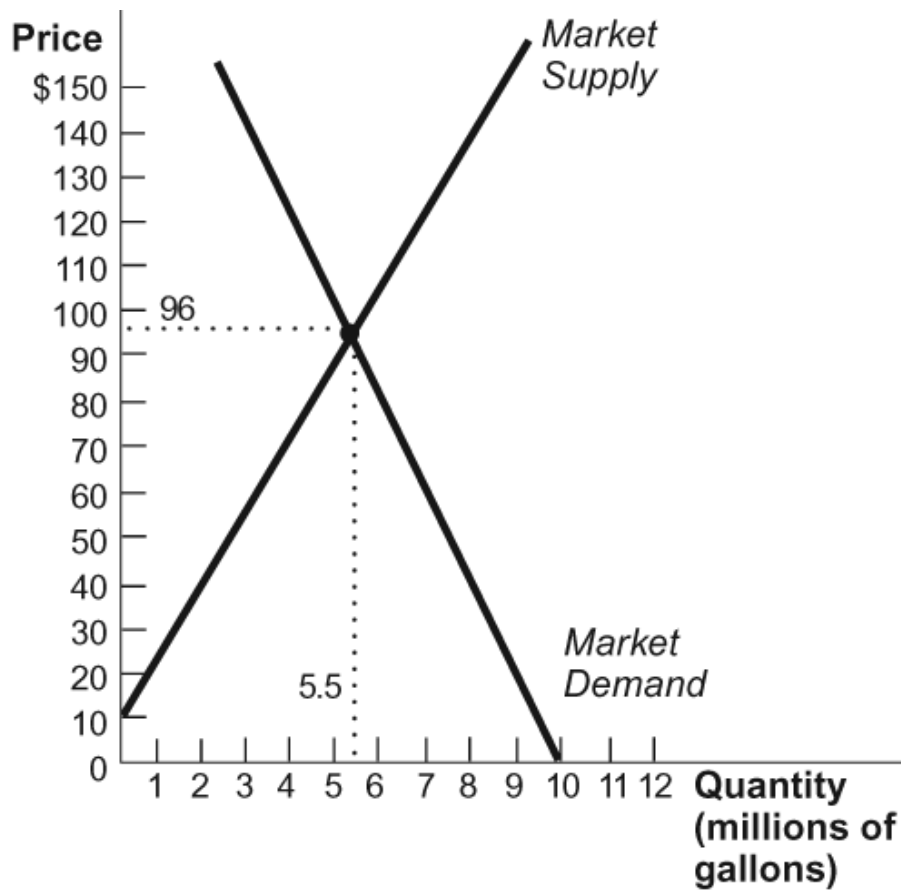
User	Shan Gui
Course	202240.41470 ECON-103-A02 (Summer 2022)
Test	Midterm
Started	6/11/22 10:14 AM <small>LATE</small>
Submitted	6/11/22 10:15 AM <small>LATE</small>
Due Date (All times in ET)	6/11/22 3:00 AM
Status	Needs Grading
Attempt Score	0 out of 30 points
Time Elapsed	1 minute
Results Displayed	All Answers, Submitted Answers, Correct Answers, Feedback, Incorrectly Answered Questions

Question 1

1.5 out of 1.5 points



Figure: World Market for Maple Syrup



What is the market price of Maple Syrup?

- Selected Answer: ☒ \$96
- Answers: ☐ \$100
- ☒ \$96
- ☐ \$110
- ☐ \$10

Question 2

1.5 out of 1.5 points



The marginal revenue (MR) for a firm is a constant \$45, and the firm's marginal cost (MC) is given by $MC = 1.5Q$ (where Q is quantity of output). What is the firm's profit-maximizing level of output?

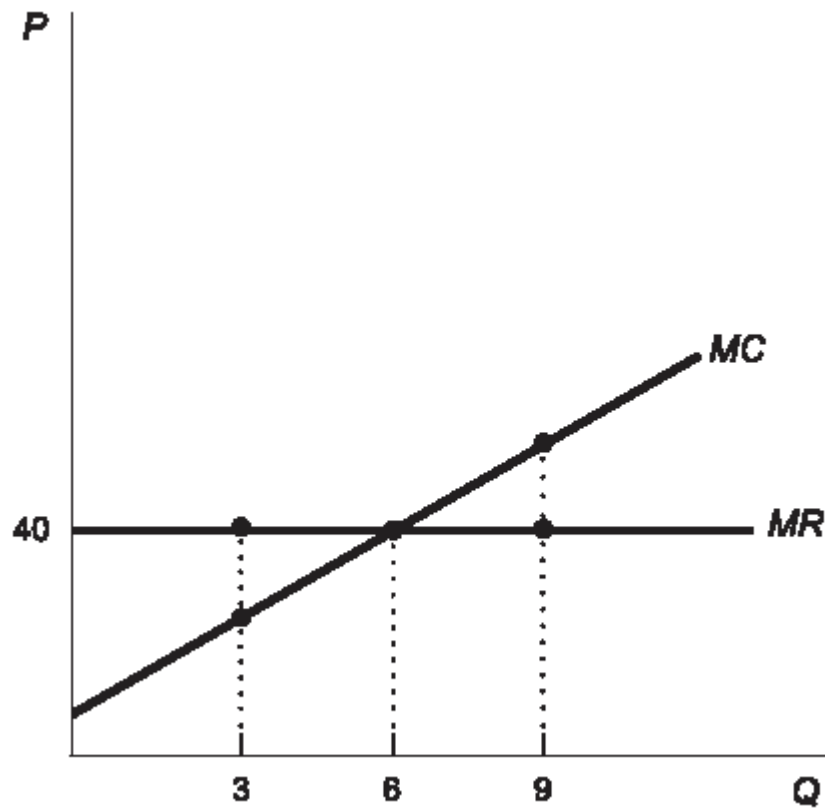
- Selected Answer: ☒ 30.0
- Answers: ☐ 45.0
- ☐ 67.5
- ☐ 15.0
- ☒ 30.0

Question 3

1.5 out of 1.5 points



Figure: Profit-Maximizing Output



The profit-maximizing output for this firm is:

Selected Answer: ☒ 6Answers: ☐ 40☐ 9☒ 6☐ 3

Question 4

1.5 out of 1.5 points



Profit for a perfectly competitive firm equals:

Selected Answer: ☒ $Q \times (P - ATC)$ Answers: ☒ $Q \times (P - ATC)$ ☐ $TC - TR$

$$Q \times (MC - ATC)$$

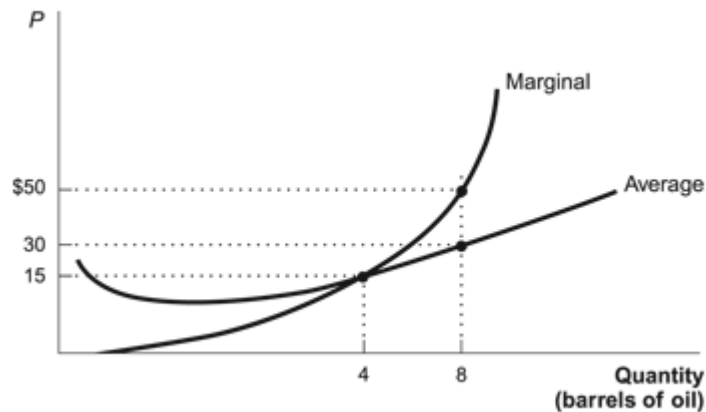
$$MR - MC$$

Question 5

1.5 out of 1.5 points



Figure: Costs of Oil Production



Assuming that price equals marginal cost, the profit of producing 8 barrels of oil is:

Selected Answer: ☒ \$160.

Answers: ☒ \$160.

It cannot be determined from the information given.

\$400

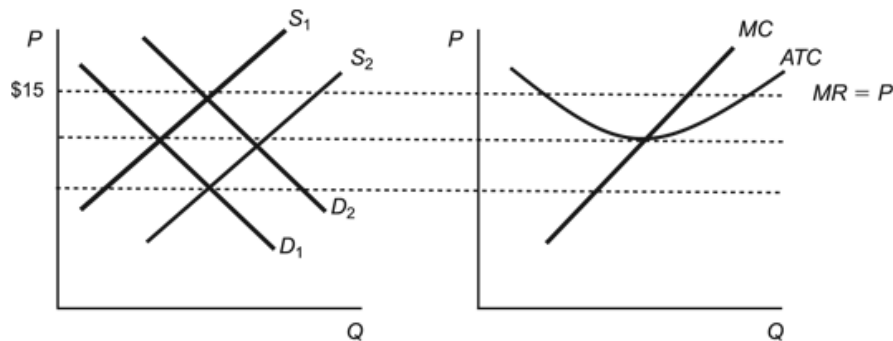
\$240.

Question 6

1.5 out of 1.5 points



Figure: Industry Firms



The market is characterized by demand curve D_2 and supply curve S_1 . The firms in the industry are earning _____, which will cause the _____.

Selected

profits; supply curve to shift to S_2

Answer:



Answers:

losses; supply curve to shift to S_2 and the demand curve to shift to D_1 losses; demand curve to shift to D_1 profits; supply curve to shift to S_2 profits; supply curve to shift to S_2 and the demand curve to shift to D_1 **Question 7**

1.5 out of 1.5 points



Table: Costs

Q	AC	TC	MC	AVC	MR
0		\$25.00			
5	15	\$75.00	\$10.00	\$10.00	\$100.00
10	13	\$130.00	\$11.00	\$10.50	\$100.00
15	10	\$150.00	\$4.00	\$8.33	\$100.00
20	13	\$260.00	\$22.00	\$11.75	\$100.00
25	17	\$425.00	\$33.00	\$16.00	\$100.00
30	22	\$660.00	\$47.00	\$21.17	\$100.00
35	28	\$980.00	\$64.00	\$27.29	\$100.00
40	37	\$1,480.00	\$100.00	\$36.38	\$100.00
45	48	\$2,160.00	\$136.00	\$47.44	\$100.00

What are the fixed costs for this firm?

Selected Answer:

\$25



Answers:

\$75

\$50

\$0

\$25

**Question 8**

1.5 out of 1.5 points



Above-normal profits are eliminated by _____, and below-normal profits are eliminated by _____.

Selected Answer: entry; exit

Answers: entry; exit

entry; entry

exit; exit

exit; entry

Question 9

1.5 out of 1.5 points



Suppose the city council in a large city decides to pass a law which forces landlords to charge a maximum rent of \$750/month for a one-bedroom apartment. Prior to the rent control, the average rent for a one-bedroom apartment was \$1,750/month. Which is likely to occur as a result of the price ceiling?

Selected

Answer: Landlords will begin decreasing the quality of one-bedroom apartments by not making repairs or paying for upkeep.

Answers:

Some landlords and renters will agree on a price of less than \$750/month and not report it to the government.

The rental market will become more efficient.



Landlords will begin decreasing the quality of one-bedroom apartments by not making repairs or paying for upkeep.

Landlords will supply more apartments to the market than they did before the price ceiling.

Question 10

1.5 out of 1.5 points



Suppose the table represents the labor market of Papua New Guinea.

Wage (\$/hour)	Quantity of Labor Demanded (# of workers)	Quantity of Labor Supplied (# of workers)
7.00	38,000	34,000
7.50	36,000	36,000

8.00	34,000	38,000
8.50	32,000	39,000
9.00	30,000	40,000

What will happen if the minimum wage per hour is \$9.00?

Selected Answer: ☒ a surplus of 10,000 workers.

Answer:

Answers: ☒ a surplus of 10,000 workers.
☐ a shortage of 10,000 workers.
☐ a surplus of 4,000 workers.

neither a shortage nor a surplus since the minimum wage is not binding.

Question 11

1.5 out of 1.5 points



Identify whether the statement about the economics of taxes are true or false.

When demand is elastic and supply is inelastic, the burden of a tax falls mainly on consumers.

Selected Answer: ☒ False

Answers: ☐ True

☒ False

Question 12

1.5 out of 1.5 points



What is a subsidy wedge?

Selected Answer: ☒ the difference between the price that sellers receive and the price that buyers pay, resulting from a subsidy

Answers: ☐ the combined reduction in consumer surplus and producer surplus that results from a subsidy

☐ the difference between the amount of a good that is produced before and after a subsidy is imposed

☒ the difference between the price that sellers receive and the price that buyers pay, resulting from a subsidy

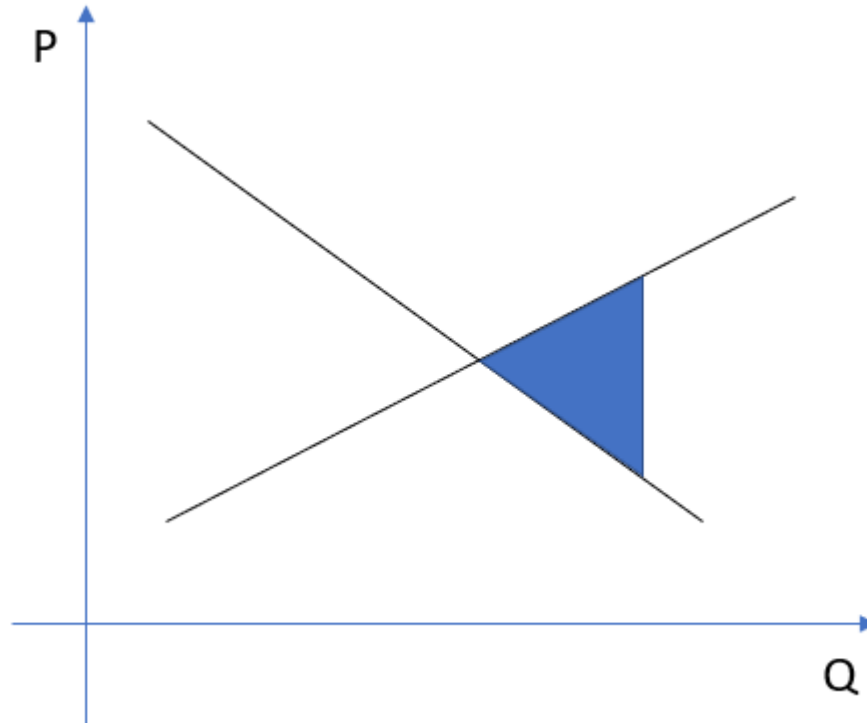
the difference between the quantity supplied and the quantity demanded that results from a subsidy

Question 13

1.5 out of 1.5 points



Which policy can cause the deadweight loss as shown in the blue area?



Selected Answer: ☒ subsidy

Answers:

- ☐ price floor
- ☐ tax
- ☒ subsidy
- ☐ price ceiling

Question 14

1.5 out of 1.5 points



For the tax to actually deter people from eating junk food, junk food demand should be

Selected Answer: ☒ elastic

Answers: inelastic

☒ elastic

Question 15

1.5 out of 1.5 points



In your college town, real estate developers are building thousands of new student-friendly apartments close to campus. If you want to pay the lowest rent possible, should you hope that demand for apartments is relatively elastic or relatively inelastic?

You hope demand is relatively

Selected Answer: ☒ inelastic

Answers: elastic

☒ inelastic

Question 16

1.5 out of 1.5 points



When demand decreases, what happens to price and quantity in equilibrium? (Neither demand curve nor supply curve is perfectly inelastic or perfectly elastic)

Selected Answer: ☒ Price falls, and quantity falls

☒ .

Answers: Price rises, and quantity rises

Price falls, and quantity rises

Price falls, and quantity falls

☒ .

Price rises, and quantity falls

Question 17

1.5 out of 1.5 points



Which situation can make price fall and quantity rise in equilibrium?

Selected Answer: ☒ Supply increases

Answers: Demand decreases

Demand increases

Supply decreases

☒ Supply increases

Question 18

1.5 out of 1.5 points



What's the best way to think about the rise in oil prices in the 1970s, when wars and oil embargoes wracked the Middle East? Was it a rise in demand, a fall in demand, a rise in supply, or a fall in supply? The price of oil rose due to a

Selected Answer: ☒ fall in supply.

Answers: fall in demand.

- ☒ fall in supply.
rise in demand.
rise in supply.

Question 19

1.5 out of 1.5 points



Many clothing stores often have clearance sales at the end of each season.

Which of the following provides the best explanation for this?

Selected ☒

Answer: At the end of the season, the quantity demanded on some items is less than the quantity supplied.

Answers:

At the end of the season, the demand for last-season items increases, leading clothing stores to decrease prices.

At the end of the season, the quantity demanded on some items is greater than the quantity supplied.

There is a tradition in the clothing retail industry to decrease prices at the end of every season to attract new customers.



At the end of the season, the quantity demanded on some items is less than the quantity supplied.

Question 20

1.5 out of 1.5 points



Consider the farmers who have land that is suitable for growing both wheat and soybeans. Suppose all farmers are currently farming wheat but the price of soybeans rises dramatically.

Does the opportunity cost of producing wheat rise or fall?

Selected Answer: ☒ rises

Answers: ☒ rises
falls

Saturday, June 11, 2022 10:15:43 AM EDT

← OK