Question 20

Not yet answered

Marked out of 3.00

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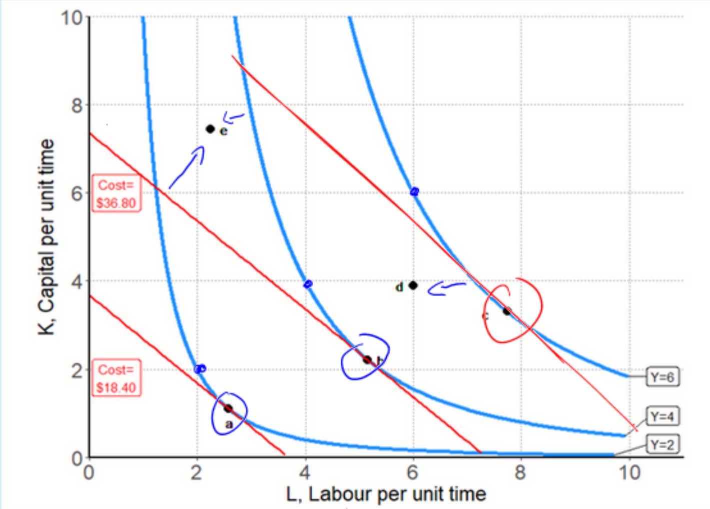
Looking at the following plot of a firm's production function, represented by isoquants for production levels and isocost lines for different total costs of production. Which of the following are true



Select all that apply:

- a. Points a and b are each cost minimizing points for the firm at different levels of output.
- b. Point d will have higher output and lower total cost than point c
- c. Point e has less output than point b, but a higher total cost.
- d. The production function exhibits increasing returns to scale.
- e. It's clear that Point c does not correspond to a cost-minimizing bundle of inputs.

Question 21

Not yet answered

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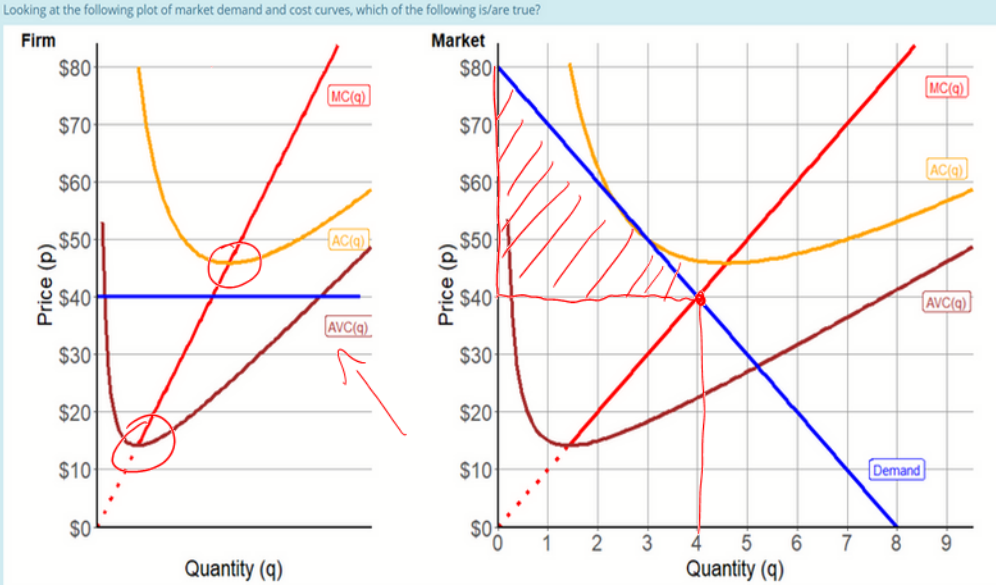
Looking at the following plot of market demand and cost curves, which of the following is/are true?



Recall, AVC=Average Variable Cost, AC= Average Cost, MC= Marginal Cost.

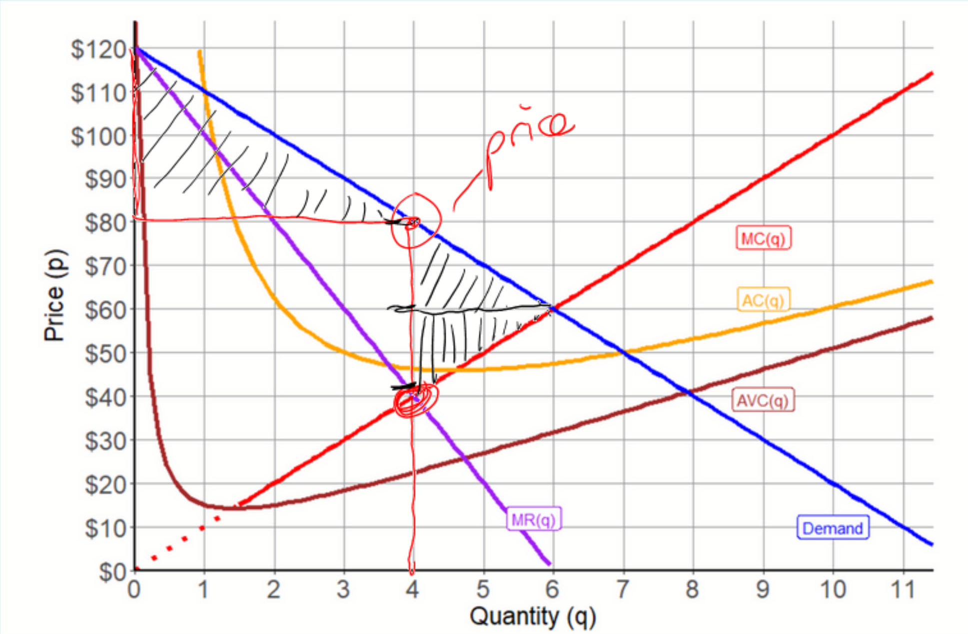
Select all that apply:

- a. In this market, the short run market price will be equal to $50.00 cross out
- b. The short run equilibrium quantity in the market under perfect competition is 4 cross out
- c. In the long run, the firm shown in the left-hand figure would want to exit the market. cross out
- d. The short run consumer surplus in the market under perfect competition is $80.00 cross out
- e. In the short run, the firm on the left would want to exit the industry because their average costs are greater than the market price. cross out

Area

$\frac{40\times4}{2} = 80$

Looking at the following plot of market demand and cost curves, which of the following is/are true?



Recall, AVC=Average Variable Cost, AC= Average Cost, MC= Marginal Cost,MR=Marginal Revenue.

Select all that apply:

- [ ] a. If the firm can operate as a monopolist, the market price will be equal to $60.00
- [x] b. The short run equilibrium quantity in the market under monopoly is equal to 4
- [ ] c. In the long run, the monopolist would want to exit the market.
- [x] d. Under monopoly the consumer surplus is equal to, $80.00
- [ ] e. There is a deadweight loss in the market under monopoly equal to $80.00

Area of CS

$$\frac{40 \times 4}{2} = 80$$

DWL

$\triangle = \frac{1}{2} \times 20 \times 2$

$\triangledown = \frac{1}{2} \times 20 \times 2$

DWL = 40

Question 22

Not yet answered

Marked out of 3.00

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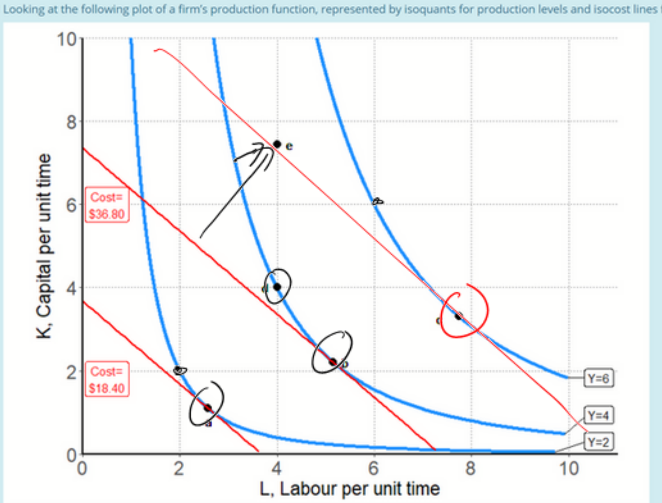
Looking at the following plot of a firm's production function, represented by isoquants for production levels and isocost lines for different total costs of production. Which of the following are true?



Select all that apply:

- [x] a. Points a and b are each cost minimizing points for the firm at different levels of output.
- [ ] b. Point d will have higher output and lower total cost than point b
- [x] c. Point e has more output than point b, but a higher total cost.
- [ ] d. The production function exhibits increasing returns to scale.
- [ ] e. It's clear that Point c does not correspond to a cost-minimizing bundle of inputs.