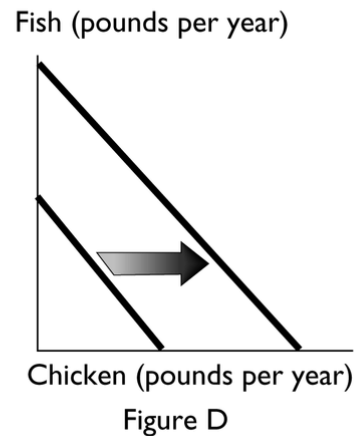
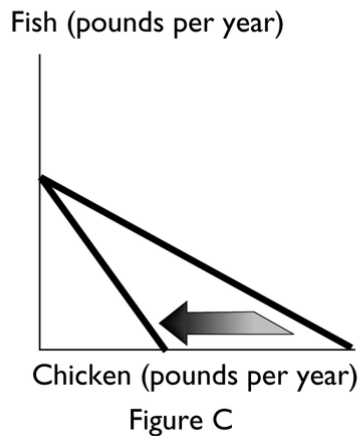
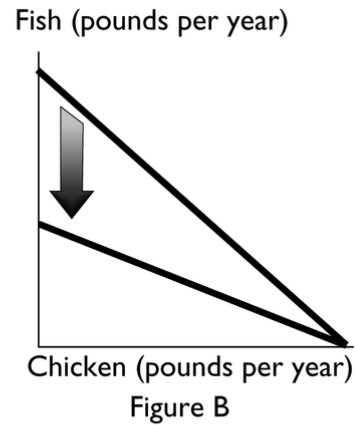
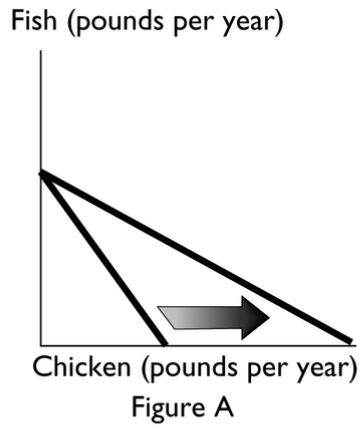


MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) A consumption point inside the budget line 1) _____
A) is unaffordable.
B) shows that the consumer spends income on only one of the goods.
C) shows that the consumer has chosen to spend all of his or her income on both products.
D) is affordable and, because it is inside the budget line, means that all the person's budget has been spent.
E) is possible to afford but has some unspent income.
- 2) Which of the following statements is correct? 2) _____
A) Along the budget line, consuming more of one good implies consuming more of the other.
B) The slope of the budget line shows there is no tradeoff between the two goods because the consumer can buy each of them.
C) If the consumer's budget increases, the budget line shifts leftward and its slope does not change.
D) The slope of the budget line shows the opportunity cost of the good measured along the x-axis.
E) None of the above answers is correct.
- 3) A budget line 3) _____
A) has a slope equal to a relative price.
B) shows the limits to what can be consumed.
C) rotates or shifts only when the consumer's budget changes.
D) Answers B and C are both correct.
E) Answers A and B are both correct.
- 4) Suppose a consumer has \$100 to spend on two goods, shoes and shirts. If the price of a pair of shoes is \$20 per pair and the price of a shirt is \$15 each, which of the following combinations is unaffordable to the consumer? 4) _____
A) 0 pairs of shoes and 0 shirts
B) 2 pairs of shoes and 4 shirts
C) 5 pairs of shoes and 0 shirts
D) 0 pairs of shoes and 7 shirts
E) 2 pairs of shoes and 3 shirts
- 5) Which of the following describes what happens to a consumer's budget line if that consumer's budget increases? The budget line 5) _____
A) becomes steeper.
B) shifts farther away from the origin of the graph.
C) does not change.
D) becomes more horizontal.
E) shifts closer to the origin of the graph.



6) In the above figures, which one reflects an increase in the price of chicken?

6) _____

- A) Figure A
- B) Figure B
- C) Figure C
- D) Figure D
- E) Both Figure B and Figure C

7) In the above figures, which one reflects a decrease in the price of chicken?

7) _____

- A) Figure A
- B) Figure B
- C) Figure C
- D) Figure D
- E) Both Figure A and Figure D

8) In the above figures, which one reflects an increase in the consumer's income?

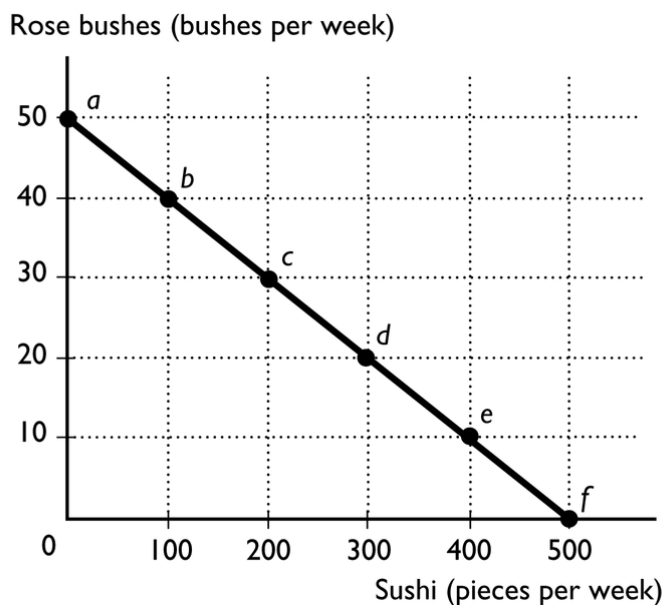
8) _____

- A) Figure A
- B) Figure B
- C) Figure C
- D) Figure D
- E) Both Figure A and Figure D

- 9) In the above figures, which one reflects an increase in the price of fish? 9) _____
- A) Figure A
 - B) Figure B
 - C) Figure C
 - D) Figure D
 - E) Both Figure B and Figure C

- 10) Bobby buys cat food for his cat, Pearl. If the price of cat food falls (catfood is on the x axis), then Bobby's budget line will 10) _____
- A) rotate outward and its slope will change.
 - B) shift inward and its slope will not change.
 - C) shift outward and its slope will not change.
 - D) rotate inward and its slope will change.
 - E) either rotate or shift outward depending on whether cat food has positive or negative marginal utility.

- 11) Reb buys fishing lures and steaks. If his budget does not change and the price of a fishing lure decreases, the maximum number of fishing lures he can purchase _____ and the maximum number of steaks he can purchase _____. 11) _____
- A) increases; decreases
 - B) does not change; does not change
 - C) decreases; increases
 - D) increases; does not change
 - E) increases; increases



- 12) The figure above shows Sarah's budget line. Sarah earns \$500 per week selling baskets made out of tree vines. With this money she buys sushi and rose bushes. Each piece of sushi costs \$1 and each rose bush costs \$10. Sarah will be at what point on her budget line if she spends \$200 per week on sushi? 12) _____
- A) Point b
 - B) Point c
 - C) Point d
 - D) Point f
 - E) Point a

Quantity of pizza	Total utility from pizza	Quantity of Diet Pepsi	Total utility from Diet Pepsi
0	0	0	0
1	24	1	14
2	44	2	26
3	60	3	36
4	72	4	44
5	76	5	50
6	79	6	54
7	80	7	56

- 13) Suppose that you consume only pizza and Diet Pepsi. The table above gives your utility from consuming these two goods. What is the marginal utility you get from the fourth slice of pizza? 13) _____
 A) 18 B) 12 C) 4 D) 36 E) 72
- 14) The demand curve for macadamia nuts is downward sloping. This slope is because consumers maximize their utility and an increase in the price of macadamia nuts leads to 14) _____
 A) no change in quantity demanded.
 B) consumers' budget lines shifting outward with no change in their slope.
 C) a decrease in the marginal utility per dollar from macadamia nuts.
 D) consumers' budget lines rotating outward with their slopes changing.
 E) an increase in the marginal utility per dollar from macadamia nuts.
- 15) Juan's marginal utility from strawberries is 200 and his marginal utility from cream is 100. Juan spends all his budget. The price of strawberries is \$5 per pound and the price of cream is \$5 per pint. To maximize his utility, Juan should 15) _____
 A) buy less cream and more strawberries.
 B) buy less cream and fewer strawberries.
 C) buy more cream and fewer strawberries.
 D) buy more cream and more strawberries.
 E) change nothing because Juan is maximizing his utility now.
- 16) As Shaniq drinks additional cups of tea at breakfast, Shaniq's 16) _____
 A) marginal utility from tea decreases.
 B) total utility from tea increases.
 C) total utility from tea decreases.
 D) Both answers A and B are correct.
 E) Both answers B and C are correct.
- 17) You can use marginal utility theory to find the demand curve by changing 17) _____
 A) only the prices of both goods.
 B) only the price of one good.
 C) income *and* the prices of both goods.
 D) only income.
 E) the utility schedule.

- 18) Suppose that Misty likes pizza and hotdogs. If her marginal utility per dollar from pizza is 6 and from hotdogs it is 5, Misty 18) _____
- A) could increase her total utility by buying more hotdogs and less pizza.
 - B) must obtain more income in order to reach her consumer equilibrium.
 - C) is maximizing her marginal utility.
 - D) could increase her total utility by buying more pizza and fewer hotdogs.
 - E) is maximizing her total utility.
- 19) Suppose that Hank consumes only Mountain Dew and pizza. If Hank's total utility from all amounts of both Mountain Dew and pizza double from what they were before, then Hank's demand for 19) _____
- A) both goods must double.
 - B) neither good changes.
 - C) one of the goods must decrease by one-half.
 - D) one of the goods must double.
 - E) both goods must decrease by one-half.
- 20) A relative price is the 20) _____
- A) absolute price of a good.
 - B) price of a substitute.
 - C) price of one good multiplied by the price of another.
 - D) price of a related good.
 - E) price of one good divided by the price of another.
- 21) Sue consumes oysters and clams. Pounds of oysters are measured on the y -axis and pounds of clams on the x -axis. If the slope of Sue's budget line is 5 pounds of oysters per pound of clams, Sue must 21) _____
- A) pay \$5 for a pound of oysters only.
 - B) pay \$5 for a pound of clams *and* pay \$5 for a pound of oysters.
 - C) give up 5 pounds of oysters to obtain 1 pound of clams.
 - D) give up 5 pounds of clams to obtain 1 pound of oysters.
 - E) pay \$5 for a pound of clams only.
- 22) The maximum price a consumer is willing to pay for an extra unit of a good or service when total utility is maximized is known as 22) _____
- A) marginal utility.
 - B) quantity demanded.
 - C) marginal benefit.
 - D) total utility.
 - E) demand.
- 23) Jen consumes 5 CDs and 2 tacos. She receives 500 units of utility from her 5th CD and 200 units of utility from her 2nd taco. The price of a CD is \$10, the price of a taco is \$4, and she is spending her entire budget. Which of the following is true regarding Jen's choices? 23) _____
- A) Jen is maximizing utility.
 - B) Jen is operating on her demand curve for tacos.
 - C) Jen is operating on her demand curve for CDs.
 - D) Only answers A and B are correct
 - E) Answers A, B, and C are correct.

- 24) At all points on a demand curve, the 24) _____
- i. consumer's budget has been allocated to maximize total utility.
 - ii. quantity is the quantity demanded at each price when total utility is maximized.
 - iii. price represents the marginal benefit the consumer gets from an extra unit of a good.
- A) i only
 - B) ii only
 - C) i, ii, and iii
 - D) i and ii
 - E) i and iii
- 25) An indifference curve shows 25) _____
- A) affordable combinations of goods.
 - B) the relative price of one good relative to another.
 - C) consumption possibilities that a consumer faces at different prices and income.
 - D) different combinations of two goods among which the consumer is indifferent.
 - E) the opportunity cost of one good relative to another.
- 26) Moving along an indifference curve the 26) _____
- A) consumer prefers some of the consumption points to others.
 - B) marginal rate of substitution for a good increases as more of the good is consumed.
 - C) marginal rate of substitution is constant.
 - D) marginal rate of substitution is equal to 0.
 - E) consumer does not prefer one consumption point to another.
- 27) As a consumer moves away from the origin onto higher indifference curves, what happens? 27) _____
- A) The consumer reaches less preferred combinations of goods.
 - B) The consumer reaches more affordable combinations of goods.
 - C) The consumer reaches more preferred combinations of goods.
 - D) Nothing
 - E) None of the above because it is impossible to move from one indifference curve to another.
- 28) We have asked Mac to rank his preferences between three market baskets, A, B, and C. If Mac prefers B to C but does not care if he gets A or B, then 28) _____
- A) A is on a higher indifference curve than B.
 - B) B is on a higher indifference curve than C but it is not possible to determine whether C is on a higher, lower, or the same indifference curve as A.
 - C) C is on a higher indifference curve than A.
 - D) B and C are on the same indifference curve.
 - E) Both A and B are on a higher indifference curve than C.

- 29) Which of the following statements is FALSE? 29) _____
- A) A consumer has only one indifference curve.
 - B) A consumer possesses a preference map.
 - C) The marginal rate of substitution is equal to the magnitude of the slope of the indifference curve.
 - D) Diminishing marginal rate of substitution means that the marginal rate of substitution decreases as more of the good is consumed.
 - E) An indifference curve is a curve that shows the combination of goods among which a consumer is indifferent.
- 30) The marginal rate of substitution of one good for another is measured by moving 30) _____
- A) among different indifference curves.
 - B) along a budget line.
 - C) among different budget lines.
 - D) along a demand curve.
 - E) along an indifference curve.
- 31) The magnitude of the slope of an indifference curve is the 31) _____
- A) marginal rate of substitution.
 - B) rate of increasing opportunity cost.
 - C) marginal rate of utility of income.
 - D) rate of relative prices.
 - E) marginal utility of substitution.
- 32) Normally shaped indifference curves are bowed towards the origin of the graph. The reason for this shape is 32) _____
- A) the principle of diminishing marginal rate of relative price.
 - B) diminishing marginal rate of substitution.
 - C) that the marginal rate of substitution is constant along an indifference curve.
 - D) that indifference curves farther away from the origin represent higher levels of utility.
 - E) the law of demand.
- 33) Moving along an indifference curve, if a consumer requires a small amount of the good measured along the y -axis to make up for one unit less of the good measured on the x -axis, then 33) _____
- A) the marginal rate of substitution is high and the indifference curve is steep.
 - B) total utility is increasing.
 - C) the marginal rate of substitution is high and the indifference curve is shallow (relatively flat).
 - D) the marginal rate of substitution is low and the indifference curve is shallow (relatively flat).
 - E) the marginal rate of substitution is low and the indifference curve is steep.

- 34) Along an indifference curve, if the marginal rate of substitution is 3, then the consumer is willing to _____ 34) _____
- A) pay \$3 for one unit of the good measured along the y -axis.
 - B) give up 1 unit of the good measured along the y -axis for 3 units of the good measured along the x -axis.
 - C) give up 3 units of the good measured along the y -axis for 1 unit of income, that is, \$1 of income.
 - D) give up 3 units of the good measured along the y -axis for 1 unit of the good measured along the x -axis.
 - E) pay \$3 for one unit of the good measured along the x -axis.
- 35) Which of the following is true if Clarice is at her consumer equilibrium? 35) _____
- i. Clarice is on her budget line.
 - ii. Clarice is on her highest attainable indifference curve.
 - iii. Clarice is dividing her budget equally across all goods.
- A) ii and iii B) i only C) iii only D) i and ii E) i and iii
- 36) A point where the budget line is just touching an indifference curve at one point is 36) _____
- A) the best affordable point.
 - B) the least affordable point.
 - C) on the lowest attainable indifference curve.
 - D) Both answers B and C are correct.
 - E) Both answers A and C are correct.
- 37) In an indifference curve/budget line diagram, at the consumer equilibrium the slope of the budget line 37) _____
- A) is less than the slope of the indifference curve.
 - B) is greater than the slope of the indifference curve.
 - C) equals the slope of the indifference curve.
 - D) may be greater than, equal to, or less than the slope of the indifference curve.
 - E) has nothing to do with the equilibrium.
- 38) Using Gabriel's budget line and his indifference curves between horseback riding lessons and baseball lessons, and then changing the prices of each activity holding his income constant, which of the following can be derived? 38) _____
- A) Gabriel's supply curve for each activity
 - B) Gabriel's net gain for each activity
 - C) Gabriel's demand curve for each activity
 - D) Gabriel's marginal benefit for each activity
 - E) Both answers A and B are correct.
- 39) In the indifference curve/budget line diagram, consumers reach higher indifference curves when 39) _____
- A) their budget decreases.
 - B) the price of only the good measured along the y -axis increases.
 - C) the price of *either* good falls.
 - D) the price of *either* good rises.
 - E) the price of only the good measured along the x -axis increases.

- 40) John fishes for a living. Last year, he sold \$100,000 of fish. Bait, nets and other fishing supplies cost John \$10,000 and he paid \$40,000 in salaries to his helpers. Depreciation on his boat and other equipment, as calculated using IRS rules, was \$15,000. What was John's profit as would be calculated by an accountant? 40) _____
- A) \$65,000
 - B) \$100,000
 - C) \$35,000
 - D) \$165,000
 - E) None of the above answers is correct.
- 41) Lauren runs a chili restaurant in San Francisco. Her total revenue last year equaled \$111,000. The rent on her restaurant totaled \$48,000. Her labor costs totaled \$43,000. Her materials, food and other variable costs totaled \$19,000. To Lauren's accountant, Lauren 41) _____
- A) earned a profit of \$1,000.
 - B) incurred a loss of \$1,000.
 - C) incurred a loss of \$111,000.
 - D) earned a profit of \$111,000.
 - E) had a total cost equal to \$91,000.
- 42) When an economist uses the term "cost" referring to a firm, the economist refers to the 42) _____
- A) explicit cost of producing a good or service.
 - B) price of the good to the consumer.
 - C) cost that can be actually verified and measured.
 - D) opportunity cost of producing a good or service, which includes both implicit and explicit cost.
 - E) implicit cost of producing a good or service.
- 43) A cost paid in money is 43) _____
- A) not an opportunity cost.
 - B) an explicit cost and an opportunity cost.
 - C) an implicit cost and an opportunity cost.
 - D) an explicit cost but not an opportunity cost.
 - E) not an accounting cost.
- 44) Which of the following is an explicit cost of production? 44) _____
- A) wages paid to workers
 - B) the electric bill
 - C) purchases of raw material
 - D) Only answers A and B are explicit costs because the purchases of raw material is only an opportunity cost.
 - E) Answers A, B, and C are all correct.
- 45) _____ cost is defined as a cost of production that does not entail a direct money payment. 45) _____
- A) A fixed
 - B) An implicit
 - C) A marginal
 - D) An explicit
 - E) A total

- 46) The return to entrepreneurship is known as 46) _____
A) explicit profit.
B) economic profit.
C) opportunity revenue.
D) normal revenue.
E) normal profit.
- 47) Which of the following is an example of an implicit cost? 47) _____
A) the economic depreciation of capital equipment the business owns
B) the cost of fuel and materials.
C) wages paid to workers
D) rent on a building
E) the cost of fertilizer for a farmer
- 48) Normal profit is 48) _____
A) the same as economic profits.
B) part of the firm's opportunity costs.
C) part of the firm's explicit costs.
D) Answer A and answer B are correct.
E) Answer A and answer C are correct.
- 49) A firm's total revenue minus its total opportunity cost is called its 49) _____
A) accounting profit.
B) normal profit.
C) abnormal profit.
D) entrepreneur's profit.
E) economic profit.
- 50) Dr. Khan starts his own dental practice after quitting his \$150,000 job at The Mall Dental Clinic. 50) _____
His revenues for the first year are \$500,000. He paid \$90,000 in rent for the dental office, \$60,000 for his office manager's salary, \$24,000 for the dental hygienist, \$150,000 for insurance, and \$6,000 for other miscellaneous costs. The normal profit from running his business is \$20,000.
A) His accounting profit is zero.
B) His economic profit is \$150,000.
C) His accounting profit is \$350,000.
D) His economic profit is zero.
E) None of the above answers are correct.
- 51) The short run is the time frame 51) _____
A) during which the quantities of all resources are fixed.
B) that is less than a year.
C) during which the quantities of some resources are fixed.
D) during which all costs are implicit costs.
E) during which the quantities of all resources are variable.

52) The long run is defined as 52) _____
 A) the period of time when most (more than 50 percent) resources are variable.
 B) any time after six months.
 C) any time after one year.
 D) the period of time when all resources are fixed.
 E) the period of time when all resources are variable.

53) The marginal product of labor equals the change in _____ from a one-unit increase in the quantity of labor. 53) _____
 A) the slope of the average product curve
 B) average product
 C) total product
 D) total cost
 E) the wage rate

54) When the slope of the total product curve is steep, the marginal product is 54) _____
 A) not defined.
 B) zero.
 C) low.
 D) negative.
 E) high.

55) Increasing marginal returns to labor 55) _____
 A) occur only when there are increasing marginal returns to capital.
 B) occur when a particularly efficient worker is employed.
 C) mean that two workers produce less than twice the output of one worker.
 D) describe the portion of a total product curve where the marginal product is negative.
 E) are the result of specialization and division of labor in the production process.

Quantity of labor (workers)	Total product (lawns mowed per week)
0	0
1	30
2	55
3	75
4	80
5	82

56) Kenya owns a lawn mowing company. His total product schedule is in the above table. The marginal product of the fourth worker is _____ lawns mowed per week. 56) _____
 A) 20 B) 80 C) 5 D) 320 E) 25

57) When the average product is at its maximum, 57) _____
 A) total product is at its minimum.
 B) total product is also at its maximum.
 C) the marginal product is negative.
 D) it is equal to the marginal product.
 E) the marginal product is increasing as output increases.

- 58) Under which of the following sets of circumstances is it *definitely* the case that the average product increases as more labor is hired? 58) _____
- A) The marginal product is greater than the average product.
 - B) Total product increases as more labor is hired.
 - C) The marginal product is equal to the average product.
 - D) The marginal product is positive.
 - E) The marginal product is less than the average product.
- 59) Chuck owns a factory that produces leather footballs. His total fixed cost equaled \$86,000 last year. His total cost equaled \$286,000 last year. Hence Chuck's 59) _____
- A) incurred an economic loss.
 - B) total variable cost was zero.
 - C) total variable cost equaled \$372,000.
 - D) total variable cost equaled \$200,000.
 - E) None of the above answers is correct.
- 60) Which of the following costs can be positive when output is zero? 60) _____
- A) total variable cost
 - B) marginal cost
 - C) total fixed cost
 - D) average variable cost
 - E) None of the above because when output is zero there are no costs.
- 61) The total variable cost curve _____ because _____ as output increases. 61) _____
- A) slopes upward; variable cost increases
 - B) slopes upward; marginal cost increases
 - C) is horizontal; fixed cost does not change
 - D) slopes downward; variable cost increases
 - E) slopes downward; marginal cost increases
- 62) When marginal cost is positive, total cost is _____ as output increases. 62) _____
- A) constant
 - B) increasing
 - C) undefined
 - D) negative
 - E) decreasing
- 63) If total fixed cost increases, which of the following will NOT change? 63) _____
- A) total cost
 - B) ALL costs increase when total fixed cost increases.
 - C) marginal cost
 - D) average total cost
 - E) average fixed cost

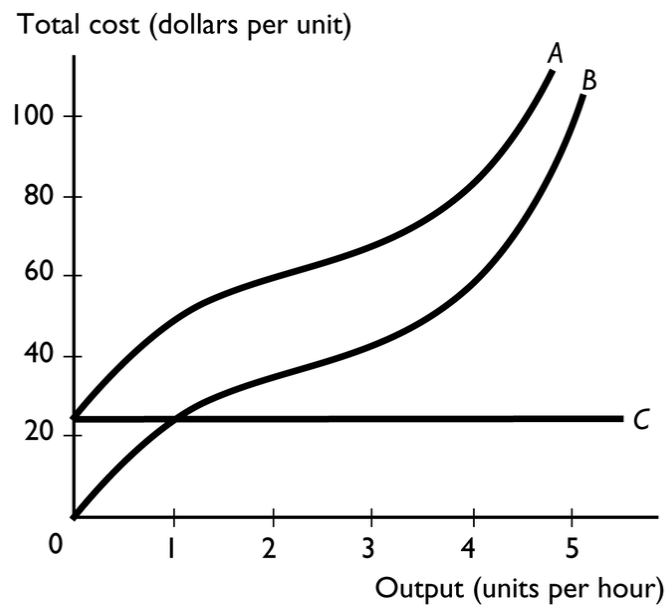
Labor (workers)	Output (bikes)	Total fixed costs (dollars)	Total variable cost (dollars)	Total cost (dollars)
0	0	200		
1	20		100	
2	50			
3	60			
4	64			

64) The table above gives costs at Jan's Bike Shop. Unfortunately, Jan's record keeping has been spotty. Each worker is paid \$100 a day. Labor costs are the only variable costs of production. What is the total cost of producing 50 bikes? 64) _____

- A) \$100 B) \$500 C) \$200 D) \$300 E) \$400

65) The table above gives costs at Jan's Bike Shop. Unfortunately, Jan's record keeping has been spotty. Each worker is paid \$100 a day. Labor costs are the only variable costs of production. What is the total fixed cost of producing 64 bikes? 65) _____

- A) \$400 B) \$600 C) \$500 D) \$300 E) \$200



66) In the above figure, curve A is the _____ curve and curve B is the _____ curve. 66) _____

- A) total cost; total variable cost
 B) total cost; total fixed cost
 C) total variable cost; total fixed cost
 D) total variable cost; total cost
 E) total fixed cost; total variable cost

- 67) In the above figure, curve A is the _____ curve and curve C is the _____ curve. 67) _____
A) total cost; total fixed cost
B) total cost; total variable cost
C) total fixed cost; total variable cost
D) total variable cost; total fixed cost
E) total variable cost; total cost
- 68) Which of the following always decreases when output increases? 68) _____
A) average variable cost
B) average fixed cost
C) marginal cost
D) total cost
E) total fixed cost
- 69) If average variable costs increase as output increases, then 69) _____
A) output must be zero.
B) total fixed cost must be increasing also.
C) total cost must be constant.
D) average total cost must be increasing also.
E) marginal cost must be greater than average variable cost.
- 70) The U-shaped average total cost curve is 70) _____
A) a result of constant marginal returns.
B) the result of average fixed cost falling and decreasing marginal returns as output increases.
C) unrealistic because average total cost always increases as output increases.
D) a result of firms' wanting to find the output level where cost is at its minimum.
E) a result of increasing marginal returns.
- 71) The marginal cost curve is U-shaped. Over the range of output for which the marginal cost is falling as output increases, the marginal product is 71) _____
A) decreasing.
B) increasing.
C) constant.
D) probably changing, but there is no stable relationship between the marginal cost and the marginal product.
E) not defined.
- 72) When the marginal product is increasing as the quantity increases, then as the quantity increases the 72) _____
A) fixed cost is increasing.
B) average product is decreasing.
C) marginal cost is decreasing.
D) total product is decreasing.
E) total cost is decreasing.

- 73) Cost curves shift if _____
i. technology changes.
ii. the prices of factors of production change.
iii. productivity changes.
A) i and ii
B) i and iii
C) i, ii, and iii
D) only i
E) only ii
- 74) An increase in the price of labor (a variable resource) shifts _____
A) the variable cost curves upward but leaves the fixed cost curves unchanged.
B) the fixed cost curves upward but leaves the variable cost curves unchanged.
C) the marginal cost curve rightward.
D) all cost curves upward.
E) none of the cost curves.
- 75) When a firm's long-run average total cost decreases as its output increases, the firm is experiencing _____
A) diseconomies of scale.
B) constant returns to scale.
C) economies of scale.
D) decreasing cost of marginal returns.
E) decreasing marginal returns.
- 76) As output increases, economies of scale occur when the _____
A) long-run average cost decreases.
B) long-run fixed cost decreases.
C) short-run average total cost decreases.
D) long-run average cost increases.
E) long-run average cost stays constant.
- 77) Economies of scale can occur as a result of which of the following? _____
A) increasing marginal returns as the firm increases its size
B) lower fixed cost as the firm increases its size
C) increased total cost when the firm increases its size
D) greater specialization of labor and capital as the firm increases its size
E) management difficulties as the firm increases its size
- 78) Diseconomies of scale occurs when a firm's average total cost of production _____ as its size of a plant and its labor force _____.
A) increases; increase by the same percentage
B) decreases; do not change
C) does not change; increase by the same percentage
D) increases; do not change
E) decreases; increase by the same percentage

- 79) Diseconomies of scale is a result of 79) _____
- A) larger fixed costs as the firm's production increases.
 - B) difficulties of coordinating and controlling a large enterprise.
 - C) mismanagement.
 - D) specialization of labor, capital, and management.
 - E) technological progress.
- 80) What does the long-run average cost curve show? 80) _____
- A) the lowest average cost to produce each output level in the long run
 - B) the interaction between average fixed cost and marginal cost
 - C) the distinction between long-run fixed and long-run variable costs
 - D) the lowest average marginal cost of producing each output level at any time.
 - E) Answers A, B, and C are correct.
- 81) The long-run average cost curve 81) _____
- A) is constructed using the short-run marginal cost curves.
 - B) is an upside down U-shape.
 - C) shows economies and diseconomies of scale.
 - D) Both answer A and answer B are correct.
 - E) Both answer A and answer C are correct.

Answer Key

Testname: S12_103_M1_RMC

- 1) E
- 2) D
- 3) E
- 4) D
- 5) B
- 6) C
- 7) A
- 8) D
- 9) B
- 10) A
- 11) D
- 12) B
- 13) B
- 14) C
- 15) A
- 16) D
- 17) B
- 18) D
- 19) B
- 20) E
- 21) C
- 22) C
- 23) E
- 24) C
- 25) D
- 26) E
- 27) C
- 28) E
- 29) A
- 30) E
- 31) A
- 32) B
- 33) D
- 34) D
- 35) D
- 36) A
- 37) C
- 38) C
- 39) C
- 40) C
- 41) A
- 42) D
- 43) B
- 44) E
- 45) B
- 46) E
- 47) A
- 48) B
- 49) E

Answer Key

Testname: S12_103_M1_RMC

- 50) D
- 51) C
- 52) E
- 53) C
- 54) E
- 55) E
- 56) C
- 57) D
- 58) A
- 59) D
- 60) C
- 61) A
- 62) B
- 63) C
- 64) E
- 65) E
- 66) A
- 67) A
- 68) B
- 69) E
- 70) B
- 71) B
- 72) C
- 73) C
- 74) A
- 75) C
- 76) A
- 77) D
- 78) A
- 79) B
- 80) A
- 81) C