ECO 365 Week 2 Knowledge Check NEW

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1.A perfectly competitive firm will be profitable if price at the profit-maximizing quantity is above

A.MC

B.ACV

C.ATC

D.AFC

2.In a perfectly competitive market,

A. individual producers determine market prices

B. market supply and market demand determine the price

C. the entrepreneur determines the price

D. individual consumers determine market prices

3. The demand for clothing increases. As a result, the price of clothing increases above the minimum average cost of producing it. In the long run, if the clothing industry is perfectly competitive and is a constant-cost industry,

A. the supply of clothing and the price of clothing will increase

B. the supply of clothing will increase but the price will not

C. the price of clothing will increase but the price will not

D. neither the price nor the supply of clothing will increase

4. If the long-run market supply curve is perfectly elastic, an increase in demand will cause the final equilibrium to be at

A. the original price but at a smaller output

B. a higher price with a higher output

C. the original price but with a higher output

D. a higher price but with the same output

5.

Number of workers Total Output

1	4
2	10
3	18
4	28
5	35
6	41
7	45
8	48
9	50
10	49

Refer to the table shown. Diminishing marginal productivity begins when the

A. third worker is hired

B. fourth worker is hired

C. fifth worker is hired

D. sixth worker is hired

6. A production table can be used to determine

A. a firm's profits

B. a firm's costs

C. how much output is produced from a given quantity of inputs

D. how much of a product will be demanded by consumers

7. Mr. Woodard's cabinet shop is experiencing rapid growth in sales. As sales have increased, Mr. Woodard has found it necessary to hire more workers. However, he has observed that doubling the number of workers has less than doubled his output. What is the likely explanation?

A. The law of diminishing marginal utility

B. The law of diminishing marginal productivity

C. The law of supply

D. The law of demand

8.

Number of workers	Marginal Product of workers
1	5
2	7
3	8
4	10

5	11
6	7
7	5
8	3
9	0
10	-1

Refer to the table shown. A firm would be most likely to hire between

A. 1 and 3 workers

B. 3 and 4 workers

C. 5 and 8 workers

D. 8 and 10 workers