

## ECO231 List of Questions

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**Q1 Which of the following utilizes an ordinal scale of measurement\_.**

- ☐ mileage
- ☐ weight
- ☐ volume
- ☐ size

**Q2 \_\_\_\_\_ reflects the maximum amount of good Y the consumer would be willing to give up obtaining an additional unit of X**

- ☐ ratios
- ☐ marginal rate of substitution
- ☐ revenue
- ☐ none of the above

**Q3 The true \_\_\_\_\_ exists where there is only one seller of a product for which no close substitute is available**

- ☐ monopsony
- ☐ duopoly
- ☐ seller
- ☐ monopoly

**Q4 The utility approach assumes that consumer satisfaction is measurable on a(an) \_\_\_\_\_ scale**

- ☐ cardinal
- ☐ ordinal
- ☐ utility
- ☐ all of the above

**Q5 The \_\_\_\_\_ of a firm is the total amount of money that the firm receives by selling a certain quantity of output**

- ☐ Cost
- ☐ marginal revenue
- ☐ total revenue
- ☐ total cost

**Q6 There is no definite relationship between the supply of factors and the \_\_\_\_\_ of factors**

- ☐ price
- ☐ goods
- ☐ demand
- ☐ supply

**Q7 The net cost of a monopoly is called \_\_\_\_\_**

- ☐ total cost
- ☐ deadweight loss
- ☐ production loss
- ☐ none of the above

**Q8 The price that someone is willing to pay for an additional unit of a good is related to its \_\_\_\_\_**

- ☐ revenue
- ☐ cost
- ☐ utility
- ☐ marginal utility

**Q9 The price that someone is willing to pay for an additional unit of a good is related to its \_\_\_\_\_ profit is achieved by the monopoly when the price is greater than marginal cost**

- ☐ production profit
- ☐ abnormal profit
- ☐ good profit
- ☐ profit after tax

**Q10 With the help of \_\_\_\_\_ theory we are able to expound both value in use and value in exchange**

- ☐ Cost analysis
- ☐ marginal revenue
- ☐ marginal analysis

- ☐ partial analysis

**Q11 The demand curve a monopolistically competitive firm faces is \_\_\_\_\_**

- ☒ fairly elastic
- ☐ inelastic
- ☐ fairly inelastic
- ☐ Partially elastic

**Q12 The demand curve for the pure monopolist is \_\_\_\_\_**

- ☐ straight downward
- ☐ vertically downward
- ☒ downward slope
- ☐ none of the above

**Q13 The demand for input is called \_\_\_\_\_**

- ☐ indirect demand
- ☒ Derived demand
- ☐ price taker
- ☐ production process

**Q14 The demand of factor of production is a \_\_\_\_\_**

- ☐ collusion demand
- ☐ high
- ☒ derived demand
- ☐ income demand

**Q15 \_\_\_\_\_ occurs when two or more firms secretly agree to control prices, production or other aspect of the market**

- ☒ Collusion
- ☐ merger
- ☐ A firm
- ☐ none of the above

**Q16 The monopolist is a \_\_\_\_\_**

- ☒ price taker
- ☐ demand output
- ☐ exploiter
- ☐ all of the above

**Q17 The relationship between wages and leisure time for a worker is \_\_\_\_\_**

- ☐ direct
- ☒ indirect
- ☐ positive
- ☐ negative

**Q18 The legal combination of two firms into a single firm is called \_\_\_\_\_**

- ☐ company
- ☐ business
- ☐ firm
- ☒ merger

**Q19 The slope of the demand curve for an input such as labour will be \_\_\_\_\_**

- ☐ Positive
- ☐ high
- ☒ negative
- ☐ none of the above

**Q20 The slope of the indifference curve measures the \_\_\_\_\_**

- ☒ Marginal rate of substitution
- ☐ Marginal revenue
- ☐ Marginal cost
- ☐ all of the above

**Q21 At present output a monopolist determines that its marginal cost is N18 and its marginal revenue is N21. The monopolist will**

**maximize profits or minimize losses by \_\_\_\_\_?**

- ☐ increasing price while keeping output constant
- ☐ decreasing price and increasing output
- ☐ decreasing both price and output
- ☐ increasing both price and output

**Q22 When the monopolist is maximizing total profits or minimizing losses \_\_\_\_\_?**

- ☐ total revenue is greater than total cost
- ☐ average revenue is greater than marginal cost
- ☐ average revenue is greater than average total cost
- ☐ average total cost is less than marginal cost

**Q23 Which of these is not assumed property of the ordinal preference function \_\_\_\_\_?**

- ☐ the ranking are transitive
- ☐ larger quantities are preferred (non-satiation)
- ☐ a change in income will shift the budget line
- ☐ consumer may be indifferent between two commodity baskets

**Q24 In long-run equilibrium, the pure monopolist (as opposed to the perfectly competitive firm) can make pure profits because of \_.**

- ☐ high selling prices
- ☐ low LAC costs
- ☐ advertising
- ☐ blocked entry

**Q25 Profit must be equal to zero for a typical firm in the long run equilibrium because \_**

- ☐ entry is easy
- ☐ product are differentiated
- ☐ there is blocked entry
- ☐ firms maximizes profits

**Q26 What is the situation called whenever firms in an industry reach an agreement to fix prices, divide up the market, or otherwise restrict competition \_\_\_\_\_?**

- ☐ interindustry competition
- ☐ collusion
- ☐ incentive to cheat
- ☐ price leadership

**Q27 If monopolistic firms enter the industry in the long run \_\_\_\_\_**

- ☐ demand will increase
- ☐ the marginal revenue curve will shift upward
- ☐ demand will decrease
- ☐ economic profits will increase

**Q28 In the short run, a typical monopolistically competitive firm will earn \_\_\_\_\_**

- ☐ An economic or normal profit or suffer an economic loss
- ☐ only a normal profit
- ☐ only an economic profit
- ☐ only earn an economic or normal profit

**Q29 The concern that monopolistically competitive firms express about product attributes, services to consumers, or brand names are aspects of \_\_\_\_\_**

- ☐ allocative efficiency in the industry
- ☐ collusion in the industry
- ☐ concentration ratio
- ☐ product differentiation

**Q30 Which would be most characteristic of monopolistic competition \_\_\_\_\_?**

- ☐ a relatively large number of firms
- ☐ collusion among firms
- ☐ firms selling a homogeneous product
- ☐ difficult entry into and exist from the industry

**Q31 The analysis of monopoly indicates that the monopolist \_\_\_\_\_**

- ☐ will charge the highest price it can get
- ☐ is guaranteed an economic profit
- ☐ will seek to maximize total profit
- ☐ is only interested in normal profit

**Q32 A barrier to entry that significantly contributes to the establishment of a monopoly would be \_\_\_\_\_**

- ☐ price-taking behaviour
- ☐ economies of scale
- ☐ technological progress
- ☐ X-inefficiency

**Q33 Which would be defining characteristics of pure monopoly \_\_\_\_\_**

- ☐ the firm does no advertising and it sells a standardized product
- ☐ the firm can easily enter into or exit from the industry and profits are guaranteed
- ☐ the firm holds a patent and is technologically progressive
- ☐ no close substitutes for the product exist and there is one seller

**Q34 Which of the following contributes to the existence of oligopoly in an industry \_\_\_\_\_?**

- ☐ budget line is held constant
- ☐ money income of the consumer changes
- ☐ tastes and preferences of the consumer are held constant
- ☐ prices of other products the consumer might purchase change

**Q35 In indifference curve analysis, the consumer will be in equilibrium at the point where the \_\_\_\_\_**

- ☐ budget line is tangent to the highest attainable indifference curve
- ☐ indifference curve is concave to the origin
- ☐ budget line crosses the vertical axis
- ☐ two indifference curves intersect and are tangent to the budget line

**Q36 Which of the following contributes to the existence of oligopoly in an industry \_\_\_\_\_?**

- ☐ low barriers to entry
- ☐ standardized products
- ☐ economies of scale
- ☐ elastic demand

**Q37 Which would be most characteristic of oligopoly \_\_\_\_\_?**

- ☐ easy entry into the industry
- ☐ a few large producer
- ☐ product standardization
- ☐ no control over price

**Q38 If an oligopolist incurs losses in the short run, then in the long run \_\_\_\_\_**

- ☐ the oligopolist will go out of business
- ☐ the oligopolist will stay in business
- ☐ the oligopolist will break even
- ☐ any of the above

**Q39 The relationship between wages and leisure time for a worker is \_\_\_\_\_**

- ☐ direct
- ☐ indirect
- ☐ upward
- ☐ salary

**Q40 The statement  $C = D = 10$  utils implies \_\_\_\_\_**

- ☐ an ordinal and cardinal measure of utility
- ☐ an ordinal measure of utility only
- ☐ a cardinal measure of utility only
- ☐ all of the above

**Q41 Assuming 1000 shirts were produced in a month when 100 labourers are engaged with 15 units of capital. When 101 labourers are employed with the same amount capital, 1100 shirts were produced, marginal physical productivity is \_\_\_\_\_**

- ☐ 100
- ☐ 200

- ☐ 300
- ☐ 400

**Q42 In the long run, firms will enter the market if positive economic profits are received and will leave the market if economic \_\_\_\_\_ are realized**

- ☐ losses
- ☐ profit
- ☐ welfare
- ☐ None of the above

**Q43 If the market price is equal to the minimum point on the ATC curve, the firm will receive a level of economic profits equal to \_\_\_\_\_**

- ☐ one
- ☐ two
- ☐ three
- ☐ zero

**Q44 To maximize \_\_\_\_\_ we need to get the concept of the revenue and the costs of the business**

- ☐ sales
- ☐ Profit
- ☐ choices
- ☐ costs

**Q45 If a firm is receiving economic \_\_\_\_\_ the owners are receiving a return on their investment that exceeds that which they could receive if their resources had been used in an alternative occupation**

- ☐ Profit
- ☐ benefit
- ☐ importance
- ☐ All of the above

**Q46 Marginal revenue equals the market price for a firm facing a perfectly \_\_\_\_\_ demand curve**

- ☐ Perfectly inelastic
- ☐ fairly elastic
- ☐ inelastic
- ☐ elastic

**Q47 A \_\_\_\_\_ maximizes its profits by producing the level of output at which marginal revenue equals marginal cost**

- ☐ company
- ☐ institution
- ☐ firm
- ☐ None of the above

**Q48 Market structure implies a variety of ways consumers and firms interact in the \_\_\_\_\_**

- ☐ market
- ☐ store
- ☐ firm
- ☐ All of the above

**Q49 The equilibrium price is determined by the interaction of market \_\_\_\_\_ and market supply**

- ☐ buyer
- ☐ demand
- ☐ surplus
- ☐ None of the above

**Q50 \_\_\_\_\_ revenue earned by selling additional unit of output is called as marginal revenue**

- ☐ total
- ☐ average
- ☐ marginal
- ☐ All of the above

**Q51 Revenue earned by a firm per unit of output is called \_\_\_\_\_**

- ☐ cost revenue
- ☐ average revenue

- ☐ average cost
- ☐ marginal revenue

**Q52 The \_\_\_\_\_ of a firm is the total amount of money that the firm receives by selling a certain quantity of output**

- ☐ marginal revenue
- ☐ marginal cost
- ☐ total revenue
- ☐ total cost

**Q53 Industries in competitive markets take the market price as given \_\_\_\_ takers**

- ☐ price
- ☐ model
- ☐ money
- ☐ unit

**Q54 Producers in a perfectly competitive market are subject to the prices determined by the market and do not have any \_\_\_\_\_**

- ☐ price
- ☐ leverage
- ☐ demand
- ☐ All of the above

**Q55 \_\_\_\_ in a perfectly competitive market are subject to the prices determined by the market and do not have any leverage**

- ☐ consumer
- ☐ Producer
- ☐ buyer
- ☐ Sellers

**Q56 Perfect competition exists in an industry where perfect competition is characterized by many buyers and sellers, many products that are similar in nature and, as a result, many**

- ☐ changes in prices
- ☐ choice
- ☐ complimentary
- ☐ Substitutes

**Q57 Market structure is the number of \_\_\_\_\_ producing identical goods which are homogeneous in nature**

- ☐ firms
- ☐ company
- ☐ consumers
- ☐ individual

**Q58 Income, wealth, and prices thus define what we call individual \_\_\_\_ constraint**

- ☐ expenses
- ☐ income
- ☐ Budget
- ☐ All of the above

**Q59 A consumer buys a good only if the purchase is expected to makes the person better off or at least not**

- ☐ Limited to its price
- ☐ worse off
- ☐ not better off
- ☐ None of the above

**Q60 Indifference curves map or graphically represent consumer \_\_\_\_\_**

- ☐ preferences
- ☐ price level
- ☐ choices
- ☐ mapping

**Q61 In the short run, monopolistically competitive firms may receive economic profits by successfully differentiating their \_\_\_\_**

- ☐ production
- ☐ trade
- ☐ market
- ☐ products

**Q62 The monopolistically competitive market is similar to perfect competition in that there are many buyers and sellers who can enter or leave the market easily in response to \_\_\_\_\_ profits or losses**

- ☐ different
- ☐ various
- ☒ economic
- ☐ All of the above

**Q63 The short-run equilibrium in monopolistic competition is the same as for a monopolist, and businesses may make positive, zero, or negative profits in the \_\_\_\_\_**

- ☐ long run
- ☐ short to long run
- ☒ short run
- ☐ None of the above

**Q64 The monopolistic competitive firm gives no concern to what impact its decision may have on competitors/ rivals in the \_\_\_\_\_**

- ☐ company
- ☐ same industry
- ☒ market
- ☐ firms

**Q65 \_\_\_\_\_ is a situation where numerous firms waiting to enter the market each with its own unique product or in pursuit of positive profits and any firm unable to cover its costs can leave the market without incurring liquidation costs in the long run**

- ☐ free entry, No entry
- ☐ new firm
- ☒ free entry and free exist
- ☐ No entry

**Q66 The greater the degree of product differentiation, the more the \_\_\_\_\_ can separate itself from the pack**

- ☐ market
- ☐ price
- ☒ firm
- ☐ trade

**Q67 The higher the fixed costs, the fewer firms the \_\_\_\_\_ will support**

- ☐ company
- ☒ market
- ☐ firm pricing
- ☐ All of the above

**Q68 A firm could cut prices and increase \_\_\_\_\_ without anxiety that its actions will prompt retaliatory responses from competitors**

- ☐ its product
- ☒ Sales
- ☐ trading
- ☐ All of the above

**Q69 \_\_\_\_\_ is one of the market in-between perfectly competitive market and monopoly market.**

- ☐ firm
- ☒ monopoly
- ☐ duopoly
- ☐ company

**Q70 A \_\_\_\_\_ firm can produce at a lower cost per unit of output than could any smaller firms in a natural monopoly industry**

- ☐ duopoly
- ☒ monopoly
- ☐ monopsony
- ☐ None of the above

**Q71 Firms operating in markets other than those of perfect competition are able to increase their profits by engaging in \_\_\_\_\_**

- ☐ Price ceiling
- ☒ Price discrimination
- ☐ fixing prices
- ☐ trading

**Q72 \_\_\_\_\_ is a pricing strategy that enables monopolist to charge customers different prices for the same or service**

- ☐ Price discrimination
- ☐ price strategy
- ☐ firm pricing
- ☐ company pricing

**Q73 The true monopoly exists where there is only one seller of a product for which no \_\_\_\_\_ substitute is available**

- ☐ close
- ☐ different
- ☐ many
- ☐ All of the above

**Q74 Monopolies are characterized by decreasing \_\_\_\_\_ for a relatively large range of production**

- ☐ cost
- ☐ revenue
- ☐ lower cost
- ☐ All of the above

**Q75 Monopolies derive their market power from barriers to \_\_\_\_\_**

- ☐ entry
- ☐ goods and services
- ☐ trade
- ☐ None of the above

**Q76 A monopoly has market power which is the ability to increase the product's price above \_\_\_\_\_ without losing all customers**

- ☐ marginal cost
- ☐ marginal point
- ☐ average cost
- ☐ average revenue

**Q77 A \_\_\_\_\_ is a single producer of a product which does not have close substitute**

- ☐ monopsony
- ☐ monopoly
- ☐ oligopoly
- ☐ duopoly

**Q78 The long-run \_\_\_\_\_ output in perfectly competitive market occurs at the lowest point on the average total cost curve**

- ☐ equilibrium
- ☐ cost
- ☐ supply
- ☐ firm

**Q79 The point where price equals \_\_\_\_\_ average variable cost is the short-run point**

- ☐ maximum
- ☐ lowest
- ☐ minimum
- ☐ None of the above

**Q80 The short run production decision leads \_\_\_\_\_ firms to produce where price equals marginal cost**

- ☐ Perfectly competitive
- ☐ less competitive
- ☐ oligopoly
- ☐ All of the above