Econ 202 Quiz 4

Multiple Choice
Identify the letter of the choice that best completes the statement or answers the question.

Figure 6-2

1. In Figure 6-2, average cost at 500 units of output equals
   a. 4,000.
   b. 200.
   c. 8.
   d. 6.

Figure 6-5

2. Which of the curves in Figure 6-5 could be a firm's average fixed cost curve?
   a. (a)
   b. (b)
   c. (c)
   d. (d)

Figure 6-10
3. In Figure 6-10, the curve B is
   a. average fixed cost.
   b. average total cost.
   c. average variable cost.
   d. marginal cost.

4. In Figure 6-10, the curve labeled C is
   a. average fixed cost.
   b. average total cost.
   c. average variable cost.
   d. marginal cost.

Figure 6-11

5. Figure 6-11 shows an average cost curve with points on it that correspond to three quantity levels. Which of the following statements must be wrong?
   a. The firm's technology may show increasing marginal returns as production increases from A to B.
   b. The firm may have positive fixed costs.
   c. As production expands from A to B to C, the firm experiences increasing marginal costs.
   d. The firm's average fixed cost may rise as production increases from B to C.
6. In a market with perfectly competitive firms, the market demand curve is usually ______ and the demand curve facing each individual firm ______.
   a. upward sloping; horizontal
   b. downward sloping; horizontal
   c. horizontal; downward sloping
   d. downward sloping; downward sloping
Econ 202 Quiz 4
Answer Section

MULTIPLE CHOICE

1. C
2. A
3. C
4. B
5. D
6. B