

PPSC Economics Chapter 2 Micro Economics

Sr	Questions	Answers Choice
SI	QUESLIOIS	Answers Choice A. Generally falls to maximize total
1	A monopoly market.	economic well being. B. Always maximizes total economic well being. C. always minimizes consumers surplus D. Generally falls to maximum produce surplus
2	In a perfectly competitive market if firms are earning an economic profit the economic profit.	A. Attracts entry by more firms, which lowers the market price B. Can be earned both in the short run and long run C. Is less than the normal profit D. Leads to a decreases in market demand
3	If a monopolist faces a downward sloping market demand curve its.	A. Average revenue is always less than marginal revenue B. Marginal revenue is greeter than the price of the units it sells. C. Average revenue is less than the price of its product. D. Marginal revenue is always less than the price of the units it sells
4	When a tax is levied on a good.	A. The market price falls because demand declines. B. The market price falls because supply falls. C. A wedge is placed between the price buyers pay and the price sellers receive D. The market price rises because demand falls.
5	An increase in price causes an increase in total revenue when.	A. Demand is elastic B. Demand is inelastic C. Demand is unit elastic D. All of the above are possible
6	Ti access internet services consumers must use a computer if computer prices fall, what is the effect on the demand for internet services.	A. The demand for internet services increases. B. The demand for internet services decreases C. The demand for internet services does not change D. The demand for internet services could increase, decrese, or stay the same depending on other factors.
7	A drop in the price of compact disc shifts the demand curve for prerecord tapes leftward from that you know that compact discs and precorded tapes are.	A. Inferior goods B. Substitutes C. Complements D. Normal goods
8	A firm that is a price taker faces a perfectly	A. Elastic supply curve B. Inelastic demand curve C. Elastic demand curve D. In elastic supply curve
9	The long run is a time period that is.	A. Five years or longer B. Long enough to change the level of labor hired C. Long enough to change the size of the firm's plant D. Ten years or longer
10	Which of the following correct about firms in an oligopoly.	A. Each firm has complete control over its own selling price B. All firms independently charge monopoly prices C. No one firm controls price but each has an influence on the price D. There is no competition in

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11	If an increase in the price of gasoline increases the demand for gas hybrid cars, then	A. Hybrid cars are an inferior good B. Gasoline and hybrid cars are complements in consumption C. Gasoline is an inferior good D. Gasoline and hybrid cars are substitutes in consumption
12	Marginal cost is the change is cost the result from a one unit increase in.	A. Price B. Cost C. Output D. Revenue
13	When there is a surplus in a market	A. There is downward pressure on price B. There is upward pressure on price C. The market could still be in equilibrium D. There are too many buyers chasing too few goods.
14	"Treating an individual as typical of a group" in the definition of.	A. Pure discrimination human capital B. Statistical discrimination C. Human capital D. Specific skills
15	Which of the following would cause the demand curve for an input to shift.	A. A change in technology B. A change in demand for the product being produced C. An increase in the number of firms in the industry D. All of the above
16	A monopsony is	A. The scale supplier of an input B. The scale supplier of an output C. The sole buyer of some type of input D. A unionized industry
17	Because a monopoly hires workers up to the point where their marginal revenue product equals the wage rate the monopoly will.	A. Pay less than the going wage rate B. Pay a wage equal to the value of the marginal product of labor C. Pay less than the value of the marginal product of labor D. Pay workers what they are worth to society
18	The demand curve for labor for a monopolist when other inputs are fixed is equal to its	A. Marginal value product curve B. Marginal revenue product curve C. Horizontal summation of the firms demand curve at different output prices D. Marginal physical product curve
19	Skills that embodied in a person are called.	A. Human capital B. Embodied skills C. Physical capital D. Experience skills
20	In long run equilibrium a monopolistically competitive firm will find.	A. Marginal cost below average total cost B. Marginal cost wqual to minimum average total cost C. Both a and b D. Neither a nor b