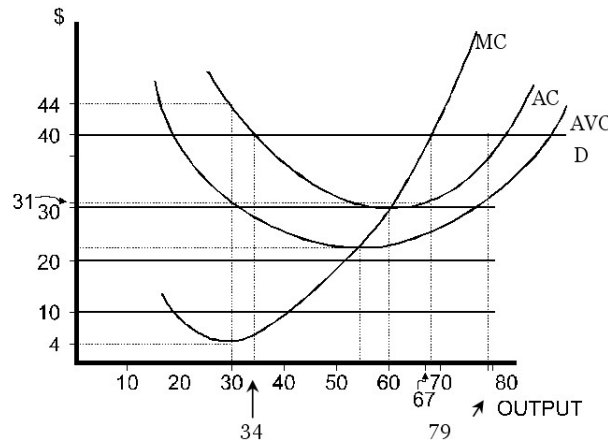


Additional Problems for Chapter 9:

- The demand curve that a price taker faces is :
 - perfectly inelastic
 - unitary elastic
 - perfectly elastic
 - has a negative slope
- The market structure that encourages perfect competition includes
 - a small number of buyers
 - a small number of sellers
 - Homogeneous products
 - None of the above

| Input A | Total Output | Total Revenue | Total Cost |
|---------|--------------|---------------|------------|
| 0 | 0 | \$0 | \$0 |
| 1 | 3 | \$30 | \$30 |
| 2 | 6.5 | \$65 | \$60 |
| 3 | 10.5 | \$105 | \$90 |
| 4 | 13 | \$130 | \$120 |

- Using table 10.1, the profit-maximizing level of output would be:
 - 3 units
 - 6.5 units
 - 10.5 units
 - 13 units
- Using table 10.1 suppose the price of the **input** rises to \$35. The profit-maximizing level of output is:
 - 6.5 units
 - 10.5 units
 - 13 units
 - 3 units
- The shut-down rule states that a firm should shut down when:
 - marginal cost = marginal revenue
 - profits are zero
 - price is less than average cost for all levels of output
 - none of the above



- Refer to Figure 8.1. At 67 units of output, profit is
 - maximized and negative
 - not maximized and zero
 - maximized and positive
 - maximized and zero