

Multiple Choice:

1. Which of the following statements is true?
 - a. $P=120-3Q$ is an inverse demand function
 - b. $P=120-3Q$ is a demand function
 - c. For every demand function, there is an equivalent inverse demand function.
 - d. Both a and c.

2. Authors typically prefer lower book prices than publishers because:
 - a. authors are more sympathetic to the budget issues faced by students.
 - b. authors maximize revenue, while publishers maximize profit.
 - c. authors do not bear the cost of producing the extra books that would be sold at the lower price.
 - d. Both b and c (many authors write books that are not purchased by students)

3. The demand curve faced by a firm that is a “price taker” is
 - a. $P = A$; where A is the market-determined price
 - b. $Q = A$; where A is the market-determined quantity
 - c. $P = Q$
 - d. $P = 0$

4. Worked-out problem 9.3 states that you can “find the new efficient scale of production by determining the output level at which:
 - a. marginal revenue = average cost
 - b. marginal cost = marginal revenue
 - c. marginal cost = average cost
 - d. none of the above

5. The import fee for softwood lumber, causes the supply curve in the domestic market to shift
 - a. up and to the left (“in”)
 - b. down and to the right (“out”)

6. The discussion of the behavior of U.S. oil producers (in application 9.4) assumes that these firms are:
 - a. price takers
 - b. perfectly competitive firms
 - c. firms with market power
 - d. Both a and b

7. Profit is equal to:
 - a. revenue – total cost
 - b. producer surplus – sunk cost
 - c. Both a and b
 - d. None of the above

8. True or false? A firm’s producer surplus equals the area between a horizontal line drawn at the level of its price P and its supply curve.
 - a. True
 - b. False

9. True or false? When a firm's profit-maximizing sales level is positive, its marginal revenue equals its marginal cost at that quantity.

- a. True
- b. False

10. True or false? A firm's profit equals its producer surplus less its sunk costs.

- a. True
- b. False

Essay Questions

A: Chapter 9 In-Text Questions

9.5 (BW p.318)

9.6 (BW p.321)

B: End-of-Chapter 9 Questions (BW p.322-323)

9.5

9.6

9.7

9.9

9.10

9.12

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9.14

9.15