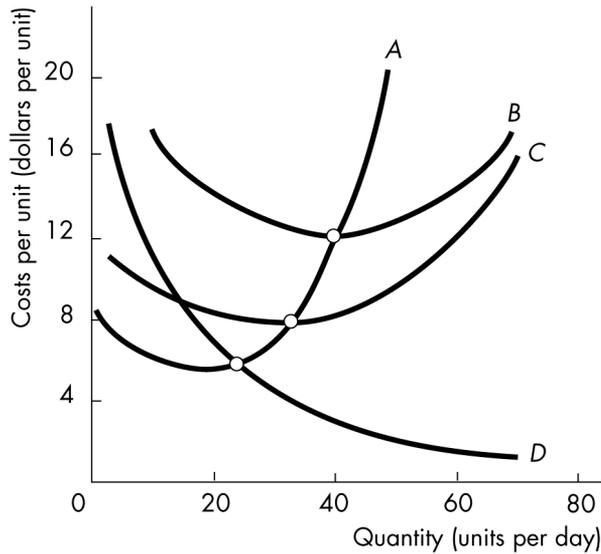


- 8) Based on the above figure, up to which level of output will Ike's Ice Cream Kitchen have increasing marginal returns? 8) \_\_\_\_\_  
 A) only at 0 gallons B) up to 60 gallons  
 C) up to 40 gallons D) up to 10 gallons
- 9) Some of the cost curves for Ike's Ice Cream Kitchen are given in the above figure. At which of the following levels of output will AFC be the lowest? 9) \_\_\_\_\_  
 A) at 40 gallons B) at 70 gallons C) at 0 gallons D) at 10 gallons
- 10) Some of the cost curves for Ike's Ice Cream Kitchen are given in the above figure. At which of the following levels of output does the marginal product of labor equal the average product of labor? 10) \_\_\_\_\_  
 A) at 40 gallons B) at 10 gallons C) at 0 gallons D) at 60 gallons
- 11) The marginal cost curve passes through the \_\_\_\_\_ points of the \_\_\_\_\_ cost curve and the \_\_\_\_\_ cost curve. 11) \_\_\_\_\_  
 A) minimum; average variable; average fixed  
 B) maximum; total cost; total variable  
 C) minimum; average total; average variable  
 D) minimum; average total; average fixed
- 12) As output increases 12) \_\_\_\_\_  
 A) average variable cost becomes smaller and smaller.  
 B) marginal cost increases continuously.  
 C) the difference between average total cost and average variable cost decreases.
- 13) A firm's long-run average cost curve 13) \_\_\_\_\_  
 A) is the sum of all of its short-run average cost curves.  
 B) shows the lowest attainable average total cost of producing any level of output when the plant and labor are fixed.  
 C) tells the firm which plant size to use and which quantity of labor to use to minimize the cost of producing any level of output.  
 D) all of the above

- 14) If marginal cost is less than average total cost, then \_\_\_\_\_ is \_\_\_\_\_.  
 A) marginal cost; falling                      B) average total cost; falling  
 C) average variable cost; falling            D) marginal cost; rising

14) \_\_\_\_\_



- 15) In the above figure, the marginal cost curve is curve  
 A) A.                      B) B.                      C) C.                      D) D.
- 16) In the above figure, the average fixed cost curve is curve  
 A) A.                      B) B.                      C) C.                      D) D.
- 17) In the above figure, the average variable cost curve is curve  
 A) A.                      B) B.                      C) C.                      D) D.
- 18) In the above figure, the average total cost curve is curve  
 A) A.                      B) B.                      C) C.                      D) D.
- 19) A period of time in which the quantity of at least one factor of production used by a firm is fixed is called the  
 A) market period.                      B) short run.  
 C) long run.                              D) intermediate run.
- 20) The long run is a time frame in which  
 A) all costs are sunk costs.  
 B) the quantities of some factors of production are fixed and the quantities of other factors of production can be varied.  
 C) the quantities of all factor sof production are fixed.  
 D) the quantities of all factors of production can be varied.

15) \_\_\_\_\_

16) \_\_\_\_\_

17) \_\_\_\_\_

18) \_\_\_\_\_

19) \_\_\_\_\_

20) \_\_\_\_\_

Answer Key

Testname: CHAPTER12PRACTICEPROBLEMS

- 1) C
- 2) D
- 3) A
- 4) B
- 5) C
- 6) D
- 7) A
- 8) D
- 9) B
- 10) A
- 11) C
- 12) C
- 13) C
- 14) B
- 15) A
- 16) D
- 17) C
- 18) B
- 19) B
- 20) D