

Quiz 3 - ECN 143.02 - Fall 2009
Principles of Microeconomics - Dr. Allen
20 points

Name _____

Circle the letter corresponding to the correct response.

1. In indifference analysis, a consumer who achieves an interior solution
 - a. has not maximized utility
 - b. maximizes utility by consuming equal quantities of both goods
 - c. maximizes utility by consuming zero quantity of one of the goods
 - d. maximizes utility by consuming a positive quantity of both goods

2. A firm's total fixed costs
 - a. decline as output rises
 - b. are higher in the long run than in the short run
 - c. do not change as output increases
 - d. equal its variable costs times its output

3. If the marginal cost curve lies above the average variable cost curve,
 - a. the average variable cost curve must be falling
 - b. the average total cost curve must be rising
 - c. the average total cost curve may be at a minimum
 - d. none of the above is true

4. A short-run production function shows
 - a. output as a function of a variable input
 - b. output as a function of plant size
 - c. total cost as a function of output
 - d. average total cost as a function of output

5. At any given level of output, a firm's total variable cost equals
 - a. its total cost minus its marginal cost
 - b. its total cost minus its total fixed cost
 - c. its total cost minus its average cost
 - d. its average variable cost plus its marginal variable cost