

AP Unit 6

Student: _____

1. In the long run monopolistically competitive firms make normal profits because they are forced to operate at the minimum point on their average total cost curve.

True False

2. The monopolistically competitive seller maximizes profits by equating price and marginal cost.

True False

3. Monopolistically competitive firms are inefficient because they produce at a point on the rising segment of their average cost curves.

True False

4. The demand curve of a monopolistically competitive producer is less elastic than that of a purely competitive producer.

True False

5. The larger the number of firms and the less the degree of product differentiation, the greater will be the elasticity of a monopolistically competitive seller's demand curve.

True False

6. The economic profits earned by monopolistically competitive sellers are zero in the long run.

True False

7. The excess capacity problem associated with monopolistic competition implies that fewer firms could produce the same industry output at a lower total cost.

True False

8. The demand curve of a monopolistically competitive firm is more elastic than that of a pure monopolist.

True False

9. The monopolistically competitive seller equates price and marginal cost in maximizing profits.

True False

10. Monopolistically competitive sellers realize economic profits in the long run because entry barriers are significant.

True False

11. Monopolistically competitive sellers produce efficiently because they obtain only normal profits in the long run.

True False

12. The oligopolist's kinked-demand curve is highly elastic below and highly inelastic above the going product price.

True False

13. Mutual interdependence means that oligopolistic producers rely on price competition in determining their shares of the total market for their product.

True False

14. If an oligopolist's several rivals exactly match any price changes it initiates, the demand curve will be less elastic than if its price changes are ignored by its rivals.

True False

15. If three or four homogeneous oligopolists collude, the resulting price and production outcomes will be similar to those of pure monopoly.

True False

16. Generally speaking, the larger the number of firms in an oligopolistic industry, the more difficult it is for those firms to collude.
- True False
17. Generally speaking, oligopolistic industries producing raw materials and semifinished goods usually offer differentiated products, while oligopolists producing consumer goods usually offer standardized products.
- True False
18. Two industries that have the same 4-firm concentration ratio can have significantly different Herfindahl indexes.
- True False
19. As it relates to oligopoly, game theory focuses on the strategic behavior of rival firms.
- True False
20. The highest possible value of the Herfindahl index is 1,000.
- True False
21. The market structure called "oligopoly" includes industries with one or a small number of firms.
- True False
22. The U.S. breakfast cereal industry is an example of differentiated oligopoly.
- True False
23. The U.S. steel industry is an example of homogeneous oligopoly.
- True False
24. In the kinked demand curve model, the firm's marginal revenue curve and demand curve are identical.
- True False

25. Homogenous oligopolists tend to advertise more than do differentiated oligopolists.
- True False
26. In maximizing profit a firm will always produce that output where total revenues are at a maximum.
- True False
27. In the short run a competitive firm will always choose to shut down if product price is less than the lowest attainable average total cost.
- True False
28. After all long-run adjustments have been completed, a firm in a competitive industry will produce that level of output where average total cost is at a minimum.
- True False
29. The long-run supply curve for a decreasing-cost industry is downsloping.
- True False
30. A competitive firm will produce in the short run so long as its price exceeds its average fixed cost.
- True False
31. Marginal cost is a measure of the alternative goods which society forgoes in using resources to produce an additional unit of some specific product.
- True False
32. Price and marginal revenue are identical for an individual purely competitive seller.
- True False
33. Because the equilibrium position of a purely competitive seller entails an equality of price and marginal costs, competition produces up to an efficient allocation of economic resources.
- True False

34. The short-run supply curve slopes upward because producers must be compensated for rising marginal costs.

True False

35. The demand curve for a purely competitive industry is perfectly elastic, but the demand curves faced by individual firms in such an industry are downsloping.

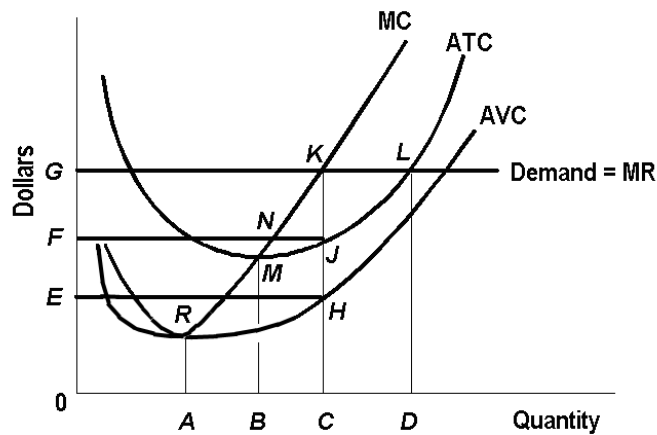
True False

36. The total revenue curve of a competitive seller graphs as a straight, upsloping line.

True False

37. Marginal revenue is the addition to total revenue resulting from the sale of one more unit of output.

True False



38. Refer to the above diagram. This firm will maximize profits by producing output *D*.

True False

39. Refer to the above diagram. At the profit-maximizing output total revenue will be *0GLD*.

True False

40. Refer to the above diagram. At output *C* production will result in an economic profit.

True False

41. Refer to the above diagram. At output C total variable cost is $FGKJ$.

True False

42. Refer to the above diagram. At output C average fixed cost is GF .

True False

43. Refer to the above diagram. At any price below R the firm will shut down in the short run.

True False

44. Refer to the above diagram. If demand fell to the level of FNJ , there would be no output at which the firm could realize an economic profit.

True False

45. Refer to the above diagram. If the firm produced D units of output at price G , it would earn a normal profit.

True False

46. Refer to the above diagram. Total costs are minimized at output level B .

True False

47. Although individual purely competitive firms can influence the price of their product, these firms as a group cannot influence market price.

True False

48. In a purely competitive industry competition centers more on advertising and sales promotion than on price.

True False

49. In the long run a pure monopolist must produce at that output where average total cost is at a minimum.

True False

50. A pure monopolist will maximize profits by producing at that output where price and marginal cost are equal.

True False

51. In the short run a pure monopolist will maximize profits by producing at that level of output where the difference between price and average total cost is at a maximum.

True False

52. In the short run a pure monopolist will charge the highest price the market will bear for its product.

True False

53. Pure monopolists always earn economic profits.

True False

54. If the XYZ Company can sell 4 units per week at \$10 per unit and 5 units per week at \$9 per unit, the marginal revenue of the fifth unit is \$5.

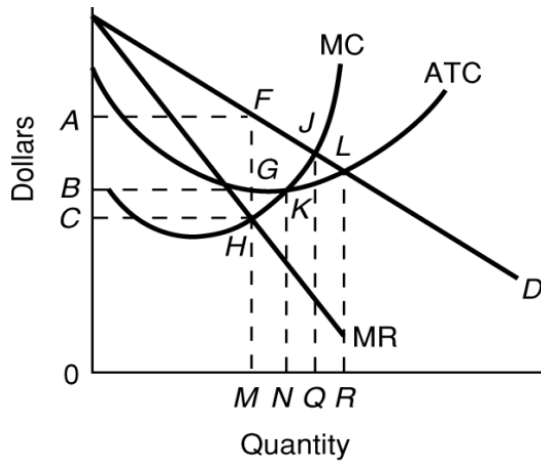
True False

55. Because of their large-scale level of production, pure monopolists overallocate resources to their industry by producing beyond the $P = MC$ output.

True False

56. Because of the ability to influence price, a pure monopolist can increase price and increase volume of sales simultaneously.

True False



57. Refer to the above diagram for a nondiscriminating monopolist. The profit-maximizing output for this firm is M .

True False

58. Refer to the above diagram for a nondiscriminating monopolist. At the profit-maximizing output the firm's economic profit will be $BAFG$.

True False

59. Refer to the above diagram for a nondiscriminating monopolist. At output R economic profits will be zero.

True False

60. Refer to the above diagram for a nondiscriminating monopolist. At output Q production will be unprofitable.

True False

61. Refer to the above diagram for a nondiscriminating monopolist. The profit-maximizing price for this firm is J .

True False

62. Refer to the above diagram for a nondiscriminating monopolist. At output M total variable cost will be $OCHM$.

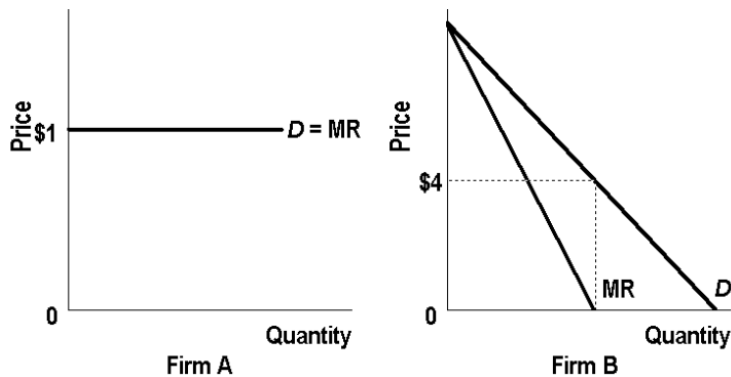
True False

63. Refer to the above diagram for a nondiscriminating monopolist. From society's point of view it would be desirable to have the monopolist produce a larger output than M .

True False

64. Refer to the above diagram for a nondiscriminating monopolist. At output Q average variable cost is QJ .

True False



65. Refer to the above diagrams. Both firms are selling their products in purely competitive markets.

True False

66. Refer to the above diagrams. The demand for Firm A's product is perfectly elastic.

True False

67. Refer to the above diagrams. The demand for Firm B's product is elastic at all prices in excess of \$4.

True False

68. Refer to the above diagrams. Firm B's average revenue curve coincides with its marginal revenue curve.

True False

69. Refer to the above diagrams. The demand for Firm B's product is inelastic at all prices below \$4.

True False

70. Refer to the above diagrams. If drawn, Firm A's average revenue curve would lie below its demand curve.

True False

71. Natural monopoly may result where products produce substantial network effects and can be simultaneously consumed by a large number of consumers.

True False

72. Extensive network effects may drive a market toward natural monopoly because consumers tend to choose a common, standard product that everyone else is using.

True False

73. Price discrimination occurs every time a firm sells a good for two different prices.

True False

74. Price discrimination will result in consumers with more elastic demand purchasing more of the good than when a single price is charged to all consumers in the market.

True False

75. Successful price discrimination requires that buyers charged the different prices be physically separated.

True False

76. Price discrimination is illegal in the United States under antitrust regulations.

True False

AP Unit 6 Key

1. In the long run monopolistically competitive firms make normal profits because they are forced to operate at the minimum point on their average total cost curve.

FALSE

*Economics Page: 448
Learning Objective: 23-2
McConnell - Chapter 023 #234
Microeconomics Page: 214
Type: Application of Concept*

2. The monopolistically competitive seller maximizes profits by equating price and marginal cost.

FALSE

*Economics Page: 448
Learning Objective: 23-1
McConnell - Chapter 023 #235
Microeconomics Page: 214
Type: Application of Concept*

3. Monopolistically competitive firms are inefficient because they produce at a point on the rising segment of their average cost curves.

FALSE

*Economics Page: 449
Learning Objective: 23-1
McConnell - Chapter 023 #236
Microeconomics Page: 215
Type: Application of Concept*

4. The demand curve of a monopolistically competitive producer is less elastic than that of a purely competitive producer.

TRUE

*Economics Page: 446-448
Learning Objective: 23-1
McConnell - Chapter 023 #237
Microeconomics Page: 212-214
Type: Application of Concept*

5. The larger the number of firms and the less the degree of product differentiation, the greater will be the elasticity of a monopolistically competitive seller's demand curve.

TRUE

*Economics Page: 448
Learning Objective: 23-1
McConnell - Chapter 023 #238
Microeconomics Page: 214
Type: Definition*

6. The economic profits earned by monopolistically competitive sellers are zero in the long run.

TRUE

*Economics Page: 448
Learning Objective: 23-2
McConnell - Chapter 023 #239
Microeconomics Page: 214
Type: Application of Concept*

7. The excess capacity problem associated with monopolistic competition implies that fewer firms could produce the same industry output at a lower total cost.

TRUE

*Economics Page: 449
Learning Objective: 23-1
McConnell - Chapter 023 #240
Microeconomics Page: 215
Type: Application of Concept*

8. The demand curve of a monopolistically competitive firm is more elastic than that of a pure monopolist.

TRUE

*Economics Page: 448
Learning Objective: 23-1
McConnell - Chapter 023 #241
Microeconomics Page: 214
Type: Application of Concept*

9. The monopolistically competitive seller equates price and marginal cost in maximizing profits.

FALSE

*Economics Page: 448
Learning Objective: 23-1
McConnell - Chapter 023 #242
Microeconomics Page: 214
Type: Application of Concept*

10. Monopolistically competitive sellers realize economic profits in the long run because entry barriers are significant.

FALSE

*Economics Page: 448
Learning Objective: 23-2
McConnell - Chapter 023 #243
Microeconomics Page: 214
Type: Application of Concept*

11. Monopolistically competitive sellers produce efficiently because they obtain only normal profits in the long run.

FALSE

*Economics Page: 448-449
Learning Objective: 23-2
McConnell - Chapter 023 #244
Microeconomics Page: 214-215
Type: Application of Concept*

12. The oligopolist's kinked-demand curve is highly elastic below and highly inelastic above the going product price.

FALSE

*Economics Page: 455
Learning Objective: 23-5
McConnell - Chapter 023 #245
Microeconomics Page: 221
Type: Application of Concept*

13. Mutual interdependence means that oligopolistic producers rely on price competition in determining their shares of the total market for their product.

FALSE

*Economics Page: 451
Learning Objective: 23-3
McConnell - Chapter 023 #246
Microeconomics Page: 217
Type: Application of Concept*

14. If an oligopolist's several rivals exactly match any price changes it initiates, the demand curve will be less elastic than if its price changes are ignored by its rivals.

TRUE

*Economics Page: 455
Learning Objective: 23-5
McConnell - Chapter 023 #247
Microeconomics Page: 221
Type: Definition*

15. If three or four homogeneous oligopolists collude, the resulting price and production outcomes will be similar to those of pure monopoly.

TRUE

*Economics Page: 458
Learning Objective: 23-6
McConnell - Chapter 023 #248
Microeconomics Page: 224
Type: Application of Concept*

16. Generally speaking, the larger the number of firms in an oligopolistic industry, the more difficult it is for those firms to collude.

TRUE

*Economics Page: 459
Learning Objective: 23-6
McConnell - Chapter 023 #249
Microeconomics Page: 225
Type: Application of Concept*

17. Generally speaking, oligopolistic industries producing raw materials and semifinished goods usually offer differentiated products, while oligopolists producing consumer goods usually offer standardized products.

FALSE

*Economics Page: 451
Learning Objective: 23-3
McConnell - Chapter 023 #250
Microeconomics Page: 217
Type: Application of Concept*

18. Two industries that have the same 4-firm concentration ratio can have significantly different Herfindahl indexes.

TRUE

*Economics Page: 452-453
Learning Objective: 23-3
McConnell - Chapter 023 #251
Microeconomics Page: 218-219
Type: Complex Analysis*

19. As it relates to oligopoly, game theory focuses on the strategic behavior of rival firms.

TRUE

*Economics Page: 453
Learning Objective: 23-4
McConnell - Chapter 023 #252
Microeconomics Page: 219
Type: Fact*

20. The highest possible value of the Herfindahl index is 1,000.

FALSE

*Economics Page: 453
Learning Objective: 23-3
McConnell - Chapter 023 #253
Microeconomics Page: 219
Type: Fact*

21. The market structure called "oligopoly" includes industries with one or a small number of firms.

FALSE

*Economics Page: 451
Learning Objective: 23-3
McConnell - Chapter 023 #254
Microeconomics Page: 217
Type: Definition*

22. The U.S. breakfast cereal industry is an example of differentiated oligopoly.

TRUE

*Economics Page: 451
Learning Objective: 23-3
McConnell - Chapter 023 #255
Microeconomics Page: 217
Type: Fact*

23. The U.S. steel industry is an example of homogeneous oligopoly.

TRUE

*Economics Page: 451
Learning Objective: 23-3
McConnell - Chapter 023 #256
Microeconomics Page: 217
Type: Fact*

24. In the kinked demand curve model, the firm's marginal revenue curve and demand curve are identical.

FALSE

*Economics Page: 456
Learning Objective: 23-5
McConnell - Chapter 023 #257
Microeconomics Page: 222
Type: Fact*

25. Homogenous oligopolists tend to advertise more than do differentiated oligopolists.

FALSE

*Economics Page: 451
Learning Objective: 23-3
McConnell - Chapter 023 #258
Microeconomics Page: 217
Type: Fact*

26. In maximizing profit a firm will always produce that output where total revenues are at a maximum.

FALSE

*Economics Page: 404
Learning Objective: 21-3
McConnell - Chapter 021 #217
Microeconomics Page: 170
Type: Application of Concept*

27. In the short run a competitive firm will always choose to shut down if product price is less than the lowest attainable average total cost.

FALSE

*Economics Page: 407
Learning Objective: 21-3
McConnell - Chapter 021 #218
Microeconomics Page: 173
Type: Application of Concept*

28. After all long-run adjustments have been completed, a firm in a competitive industry will produce that level of output where average total cost is at a minimum.

TRUE

*Economics Page: 417
Learning Objective: 21-5
McConnell - Chapter 021 #219
Microeconomics Page: 183
Type: Application of Concept*

29. The long-run supply curve for a decreasing-cost industry is downsloping.

TRUE

*Economics Page: 416
Learning Objective: 21-6
McConnell - Chapter 021 #220
Microeconomics Page: 182
Type: Application of Concept*

30. A competitive firm will produce in the short run so long as its price exceeds its average fixed cost.

FALSE

*Economics Page: 413
Learning Objective: 21-3
McConnell - Chapter 021 #221
Microeconomics Page: 179
Type: Application of Concept*

31. Marginal cost is a measure of the alternative goods which society forgoes in using resources to produce an additional unit of some specific product.

TRUE

*Economics Page: 418
Learning Objective: 21-4
McConnell - Chapter 021 #222
Microeconomics Page: 184
Type: Application of Concept*

32. Price and marginal revenue are identical for an individual purely competitive seller.

TRUE

*Economics Page: 401
Learning Objective: 21-2
McConnell - Chapter 021 #223
Microeconomics Page: 167
Type: Application of Concept*

33. Because the equilibrium position of a purely competitive seller entails an equality of price and marginal costs, competition produces up to an efficient allocation of economic resources.

TRUE

*Economics Page: 418
Learning Objective: 21-5
McConnell - Chapter 021 #224
Microeconomics Page: 184
Type: Application of Concept*

34. The short-run supply curve slopes upward because producers must be compensated for rising marginal costs.

TRUE

*Economics Page: 411
Learning Objective: 21-4
McConnell - Chapter 021 #225
Microeconomics Page: 177
Type: Application of Concept*

35. The demand curve for a purely competitive industry is perfectly elastic, but the demand curves faced by individual firms in such an industry are downsloping.

FALSE

*Economics Page: 401
Learning Objective: 21-2
McConnell - Chapter 021 #226
Microeconomics Page: 167
Type: Application of Concept*

36. The total revenue curve of a competitive seller graphs as a straight, upsloping line.

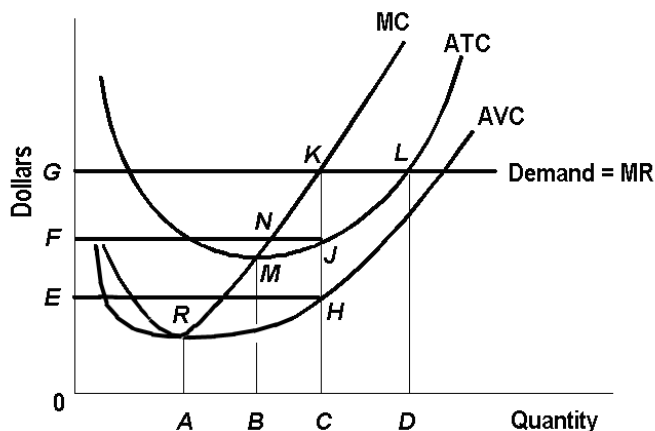
TRUE

*Economics Page: 402
Learning Objective: 21-3
McConnell - Chapter 021 #227
Microeconomics Page: 168
Type: Application of Concept*

37. Marginal revenue is the addition to total revenue resulting from the sale of one more unit of output.

TRUE

*Economics Page: 401
Learning Objective: 21-3
McConnell - Chapter 021 #228
Microeconomics Page: 167
Type: Definition*



McConnell - Chapter 021

38. Refer to the above diagram. This firm will maximize profits by producing output *D*.

FALSE

*Economics Page: 407
Learning Objective: 21-3
McConnell - Chapter 021 #229
Microeconomics Page: 173
Type: Graphical*

39. Refer to the above diagram. At the profit-maximizing output total revenue will be $0GLD$.

FALSE

*Economics Page: 407
Learning Objective: 21-3
McConnell - Chapter 021 #230
Microeconomics Page: 173
Type: Graphical*

40. Refer to the above diagram. At output *C* production will result in an economic profit.

TRUE

*Economics Page: 407
Learning Objective: 21-3
McConnell - Chapter 021 #231
Microeconomics Page: 173
Type: Graphical*

41. Refer to the above diagram. At output C total variable cost is $FGKJ$.

FALSE

*Economics Page: 407
Learning Objective: 21-3
McConnell - Chapter 021 #232
Microeconomics Page: 173
Type: Graphical*

42. Refer to the above diagram. At output C average fixed cost is GF .

FALSE

*Economics Page: 407
Learning Objective: 21-3
McConnell - Chapter 021 #233
Microeconomics Page: 173
Type: Graphical*

43. Refer to the above diagram. At any price below R the firm will shut down in the short run.

TRUE

*Economics Page: 409
Learning Objective: 21-3
McConnell - Chapter 021 #234
Microeconomics Page: 175
Type: Graphical*

44. Refer to the above diagram. If demand fell to the level of FNJ , there would be no output at which the firm could realize an economic profit.

FALSE

*Economics Page: 407
Learning Objective: 21-3
McConnell - Chapter 021 #235
Microeconomics Page: 173
Type: Graphical*

45. Refer to the above diagram. If the firm produced D units of output at price G , it would earn a normal profit.

TRUE

*Economics Page: 403
Learning Objective: 21-3
McConnell - Chapter 021 #236
Microeconomics Page: 169
Type: Graphical*

46. Refer to the above diagram. Total costs are minimized at output level *B*.

FALSE

*Economics Page: 417
McConnell - Chapter 021 #237
Microeconomics Page: 183
Type: Graphical*

47. Although individual purely competitive firms can influence the price of their product, these firms as a group cannot influence market price.

FALSE

*Economics Page: 401
Learning Objective: 21-2
McConnell - Chapter 021 #238
Microeconomics Page: 167
Type: Application of Concept*

48. In a purely competitive industry competition centers more on advertising and sales promotion than on price.

TRUE

*Answer: False
Economics Page: 401
Learning Objective: 21-2
McConnell - Chapter 021 #239
Microeconomics Page: 167
Type: Application of Concept*

49. In the long run a pure monopolist must produce at that output where average total cost is at a minimum.

FALSE

*Economics Page: 431
Learning Objective: 22-2
McConnell - Chapter 022 #185
Microeconomics Page: 197
Type: Application of Concept*

50. A pure monopolist will maximize profits by producing at that output where price and marginal cost are equal.

FALSE

*Economics Page: 429
Learning Objective: 22-2
McConnell - Chapter 022 #186
Microeconomics Page: 195
Type: Application of Concept*

51. In the short run a pure monopolist will maximize profits by producing at that level of output where the difference between price and average total cost is at a maximum.

FALSE

*Economics Page: 429
Learning Objective: 22-2
McConnell - Chapter 022 #187
Microeconomics Page: 195
Type: Application of Concept*

52. In the short run a pure monopolist will charge the highest price the market will bear for its product.

FALSE

*Economics Page: 431
Learning Objective: 22-2
McConnell - Chapter 022 #188
Microeconomics Page: 197
Type: Application of Concept*

53. Pure monopolists always earn economic profits.

FALSE

*Economics Page: 431
Learning Objective: 22-2
McConnell - Chapter 022 #189
Microeconomics Page: 197
Type: Application of Concept*

54. If the XYZ Company can sell 4 units per week at \$10 per unit and 5 units per week at \$9 per unit, the marginal revenue of the fifth unit is \$5.

TRUE

*Economics Page: 427
Learning Objective: 22-2
McConnell - Chapter 022 #190
Microeconomics Page: 193
Type: Application of Concept*

55. Because of their large-scale level of production, pure monopolists overallocate resources to their industry by producing beyond the $P = MC$ output.

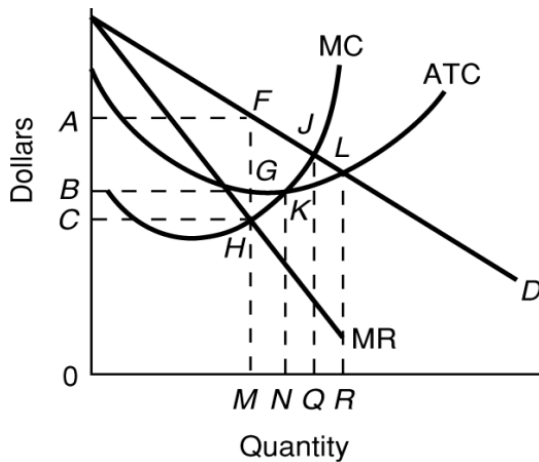
FALSE

*Economics Page: 432
Learning Objective: 22-3
McConnell - Chapter 022 #191
Microeconomics Page: 198
Type: Application of Concept*

56. Because of the ability to influence price, a pure monopolist can increase price and increase volume of sales simultaneously.

FALSE

*Economics Page: 431
Learning Objective: 22-3
McConnell - Chapter 022 #192
Microeconomics Page: 197
Type: Application of Concept*



McConnell - Chapter 022

57. Refer to the above diagram for a nondiscriminating monopolist. The profit-maximizing output for this firm is M .

TRUE

*Economics Page: 430
Learning Objective: 22-2
McConnell - Chapter 022 #193
Microeconomics Page: 196
Type: Application of Concept*

58. Refer to the above diagram for a nondiscriminating monopolist. At the profit-maximizing output the firm's economic profit will be *BAFG*.

TRUE

*Economics Page: 430
Learning Objective: 22-2
McConnell - Chapter 022 #194
Microeconomics Page: 196
Type: Graphical*

59. Refer to the above diagram for a nondiscriminating monopolist. At output *R* economic profits will be zero.

TRUE

*Economics Page: 430
Learning Objective: 22-2
McConnell - Chapter 022 #195
Microeconomics Page: 196
Type: Graphical*

60. Refer to the above diagram for a nondiscriminating monopolist. At output *Q* production will be unprofitable.

FALSE

*Economics Page: 430
Learning Objective: 22-2
McConnell - Chapter 022 #196
Microeconomics Page: 196
Type: Graphical*

61. Refer to the above diagram for a nondiscriminating monopolist. The profit-maximizing price for this firm is *J*.

FALSE

*Economics Page: 430
Learning Objective: 22-2
McConnell - Chapter 022 #197
Microeconomics Page: 196
Type: Graphical*

62. Refer to the above diagram for a nondiscriminating monopolist. At output M total variable cost will be $0CHM$.

FALSE

*Economics Page: 430
Learning Objective: 22-2
McConnell - Chapter 022 #198
Microeconomics Page: 196
Type: Graphical*

63. Refer to the above diagram for a nondiscriminating monopolist. From society's point of view it would be desirable to have the monopolist produce a larger output than M .

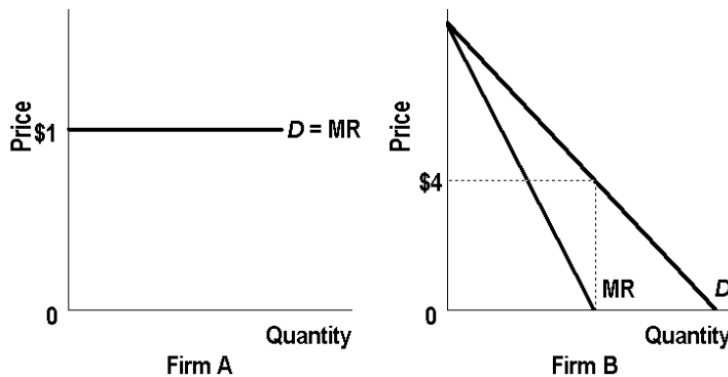
TRUE

*Economics Page: 430
Learning Objective: 22-3
McConnell - Chapter 022 #199
Microeconomics Page: 196
Type: Graphical*

64. Refer to the above diagram for a nondiscriminating monopolist. At output Q average variable cost is QJ .

FALSE

*Economics Page: 430
Learning Objective: 22-2
McConnell - Chapter 022 #200
Microeconomics Page: 196
Type: Graphical*



McConnell - Chapter 022

65. Refer to the above diagrams. Both firms are selling their products in purely competitive markets.

FALSE

*Economics Page: 428
Learning Objective: 22-1
McConnell - Chapter 022 #201
Microeconomics Page: 194
Type: Graphical*

66. Refer to the above diagrams. The demand for Firm A's product is perfectly elastic.

TRUE

*Economics Page: 402
Learning Objective: 22-1
McConnell - Chapter 022 #202
Microeconomics Page: 168
Type: Graphical*

67. Refer to the above diagrams. The demand for Firm B's product is elastic at all prices in excess of \$4.

TRUE

*Economics Page: 428
Learning Objective: 22-2
McConnell - Chapter 022 #203
Microeconomics Page: 194
Type: Graphical*

68. Refer to the above diagrams. Firm B's average revenue curve coincides with its marginal revenue curve.

FALSE

*Economics Page: 428
Learning Objective: 22-1
McConnell - Chapter 022 #204
Microeconomics Page: 194
Type: Graphical*

69. Refer to the above diagrams. The demand for Firm B's product is inelastic at all prices below \$4.

TRUE

*Economics Page: 428
Learning Objective: 22-1
McConnell - Chapter 022 #205
Microeconomics Page: 194
Type: Graphical*

70. Refer to the above diagrams. If drawn, Firm A's average revenue curve would lie below its demand curve.

FALSE

*Economics Page: 428
Learning Objective: 22-1
McConnell - Chapter 022 #206
Microeconomics Page: 194
Type: Graphical*

71. Natural monopoly may result where products produce substantial network effects and can be simultaneously consumed by a large number of consumers.

TRUE

*Economics Page: 434
Learning Objective: 22-3
McConnell - Chapter 022 #207
Microeconomics Page: 200
Type: Fact*

72. Extensive network effects may drive a market toward natural monopoly because consumers tend to choose a common, standard product that everyone else is using.

TRUE

*Economics Page: 434
Learning Objective: 22-3
McConnell - Chapter 022 #208
Microeconomics Page: 200
Type: Fact*

73. Price discrimination occurs every time a firm sells a good for two different prices.

FALSE

*Economics Page: 436
Learning Objective: 22-4
McConnell - Chapter 022 #209
Microeconomics Page: 202
Status: New
Type: Definition*

74. Price discrimination will result in consumers with more elastic demand purchasing more of the good than when a single price is charged to all consumers in the market.

TRUE

*Economics Page: 438
Learning Objective: 22-4
McConnell - Chapter 022 #210
Microeconomics Page: 204
Status: New
Type: Application of Concept*

75. Successful price discrimination requires that buyers charged the different prices be physically separated.

FALSE

*Economics Page: 437
Learning Objective: 22-4
McConnell - Chapter 022 #211
Microeconomics Page: 203
Status: New
Type: Application of Concept*

76. Price discrimination is illegal in the United States under antitrust regulations.

FALSE

*Economics Page: 438
Learning Objective: 22-4
McConnell - Chapter 022 #212
Microeconomics Page: 204
Status: New
Type: Fact*

AP Unit 6 Summary

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