FIRST PAGE EDUCATION 一頁教育

MCQ

Read the following information of a competitive firm.

Output (units)	Total cost ($)
1	16
2	34
3	54
4	76

Suppose the market price is $20. The profit-maximising output level is _____ units and the marginal revenue is _____.

A. 2 … $20
B. 2 … $18
C. 3 … $20
D. 3 … $18

By "Total approach" → produce where total profit is the largest

Output (units)	Total cost ($)		
1	16		
2	34		
3	54		
4	76		

*Please make sure you know why we choose to produce 3 units instead of 2 units.

By "Marginal approach" → produce where MR= MC

Output (units)	Total cost ($)		
1	16		
2	34		
3	54		
4	76		

MCQ 2

The following table shows the production costs of a firm. The unit price of the good is $10.

Output (units)	2	3	4	5	6
Total cost ($)	8	14	22	32	44
Fixed cost ($)	2	2	2	2	2

The profit-maximising output level of the firm is _____ and the maximum profit is _____.

A. 4 units … $16
B. 5 units … $16
C. 5 units … $18
D. 5 units … $20

MCQ3

The table below shows the production information of a competitive firm.

Output (units)	1	2	3	4	5
Average variable cost ($)	6	7	8	9	10

If the price of the product is $12, the firm will produce _____ units of output in order to maximise its profit.

A. 0
B. 2
C. 4
D. Cannot be determined.

More questions:

1. The following table shows the data for a firm which operates in a price-taking market. Zero fixed cost is assumed.

Output (units)	Total revenue ($)	Total cost ($)
1	10	3
2	20	7
3	30	13
4	40	23
5	50	35
6	60	55

What is the output price in this market?
A. $5
B. $8
C. $10
D. Indeterminate as information is insufficient

2.The following table shows the data for a firm which operates in a price-taking market. Zero fixed cost is assumed.

Output (units)	Total revenue ($)	Total cost ($)
1	10	3
2	20	7
3	30	13
4	40	23
5	50	35
6	60	55

What is the profit-maximising output?
A. 3 units
B. 4 units
C. 5 units
D. 6 units

3. The following table shows the information for a price-taking firm which has zero fixed cost.

Output (units)	Average revenue ($)	Average cost ($)
1	10	7
2	10	7.5
3	10	8
4	10	8.5
5	10	9
6	10	9.5

What is the profit-maximising output?
A. 2 units
B. 3 units
C. 4 units
D. 5 units