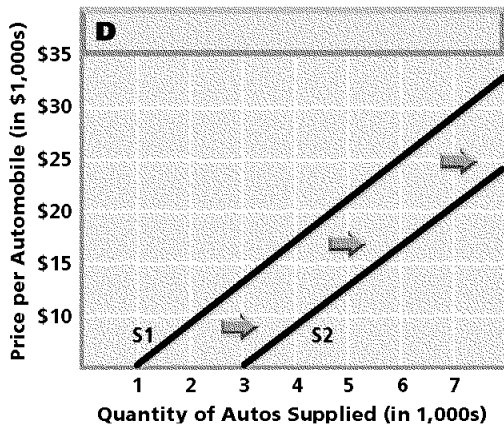
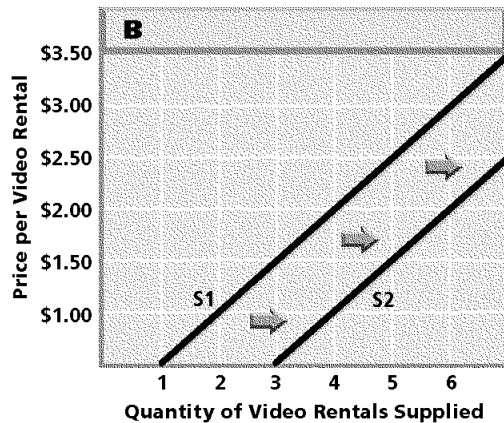


Chapter 5 Practice Test

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- _____ 1. Which of the following will cause the market supply curve to shift?
- a change in the price of the product
 - a change in the number of consumers
 - a change in the numbers of sellers offering the product
 - a change in demand for the product



- _____ 2. Which of the following choices could cause the movement shown in this graph?
- inputs become more expensive
 - the number of firms decreases
 - technology improves production
 - taxes increase

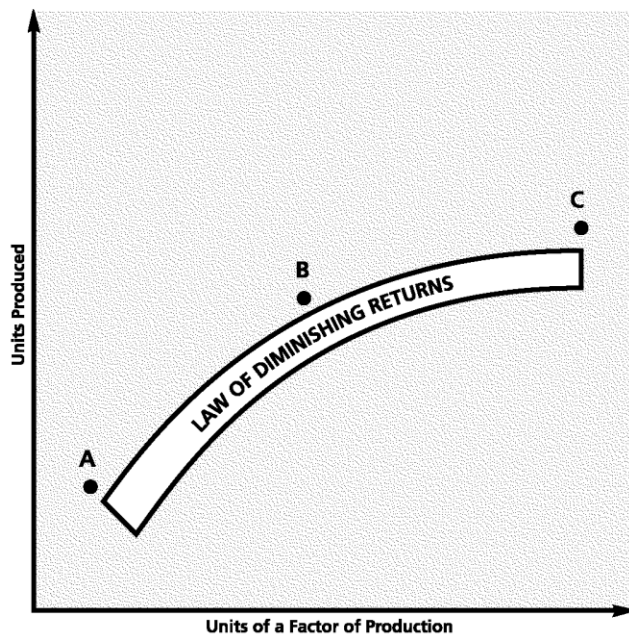
Quantity of Softballs Supplied by All Firms in the Market			
Price	Firm X	Firm Y	Firm Z
\$11	400	500	1,000
\$9	300	400	800
\$7	200	200	600
\$5	100	50	300
\$3	50	0	100
\$1	0	0	0

- _____ 3. Based on the table, at what price would the market supply of softballs be 1,500?
- \$5
 - \$3
 - \$9
 - \$11

Production Schedule			Costs			
Number of Workers	Total Product	Marginal Product*	Total Fixed Costs	Total Variable Costs	Total Costs	Marginal Costs
0	0	0	\$50	\$0	\$50	--
1	7	7	50	90	140	\$12.86
2	20	13	50	180	230	6.92
3	38	18	50	270	320	5.00
4	62	24	50	360	410	3.75
5	90	28	50	450	500	3.21
6	110	20	50	540	590	4.50
7	129	19	50	630	680	4.74
8	138	9	50	720	770	10.00
9	144	6	50	810	860	15.00
10	148	4	50	900	950	22.50
11	145	-3	50	990	1,040	--
12	135	-10	50	1,080	1,130	--

*All figures in terms of output per day.

- _____ 4. Based on the table, what is the variable cost of the third worker?
- a. \$270
 - b. \$5.00
 - c. \$90
 - d. \$320
- _____ 5. When producers offer fewer products for sale at each and every price,
- a. the supply curve has shifted to the right.
 - b. the supply curve has shifted to the left.
 - c. the price per unit decreases.
 - d. they expect subsidies.



- _____ 6. What economic principle does the graph illustrate?
- a. law of supply
 - b. law of diminishing marginal utility
 - c. law of diminishing returns
 - d. law of demand

Production Schedule		
Number of Workers	Total Product	Marginal Product*
0	0	0
1	7	7
2	20	13
3	38	18
4	62	24
5	90	28
6	110	20
7	129	19
8	138	9
9	144	6
10	148	4
11	145	-3
12	135	-10

*All figures in terms of output per day.

7. In this production schedule, production Stage III begins with the addition of which numbered worker?
- a. 10
b. 6
c. 8
d. 11

Production Schedule			Costs				Revenues		Profit
Number of Workers	Total Product	Marginal Product*	Total Fixed Costs	Total Variable Costs	Total Costs	Marginal Costs	Total Revenue	Marginal Revenue	Total Profit
0	0	0	\$50	\$0	\$50	--	\$0	--	-\$50
1	7	7	50	90	140	\$12.86	105	\$15	-35
2	20	13	50	180	230	6.92	300	15	70
3	38	18	50	270	320	5.00	570	15	250
4	62	24	50	360	410	3.75	930	15	520
5	90	28	50	450	500	3.21	1,350	15	850
6	110	20	50	540	590	4.50	1,650	15	1,060
7	129	19	50	630	680	4.74	1,935	15	1,210
8	138	9	50	720	770	10.00	2,070	15	1,300
9	144	6	50	810	860	15.00	2,160	15	1,300
10	148	4	50	900	950	22.50	2,220	15	1,270
11	145	-3	50	990	1,040	--	2,175	15	1,135
12	135	-10	50	1,080	1,130	--	2,025	15	895

*All figures in terms of output per day.

8. According to the table, the company must hire at least how many workers to earn a profit?
- a. 1
b. 2
c. 3
d. 4
9. In the table, how much extra revenue does the company generate by producing and selling one additional unit of output?
- a. \$90
b. \$13
c. \$15
d. \$50

Chapter 5 Practice Test Answer Section

1. ANS: C PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, pages 118-121.
2. ANS: C PTS: 1 DIF: Challenging
REF: Learn more about this question in Economics Principles and Practices, page 119.
3. ANS: C PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, page 117.
4. ANS: C PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, page 132.
5. ANS: B PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, page 118.
6. ANS: C PTS: 1 DIF: Easy
REF: Learn more about this question in Economics Principles and Practices, pages 128-130.
7. ANS: D PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, pages 128-130.
8. ANS: B PTS: 1 DIF: Easy
REF: Learn more about this question in Economics Principles and Practices, pages 134-135.
9. ANS: C PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, page 136.