

Ag Econ 1041
Quiz 8, 30 points
November 6, 2008

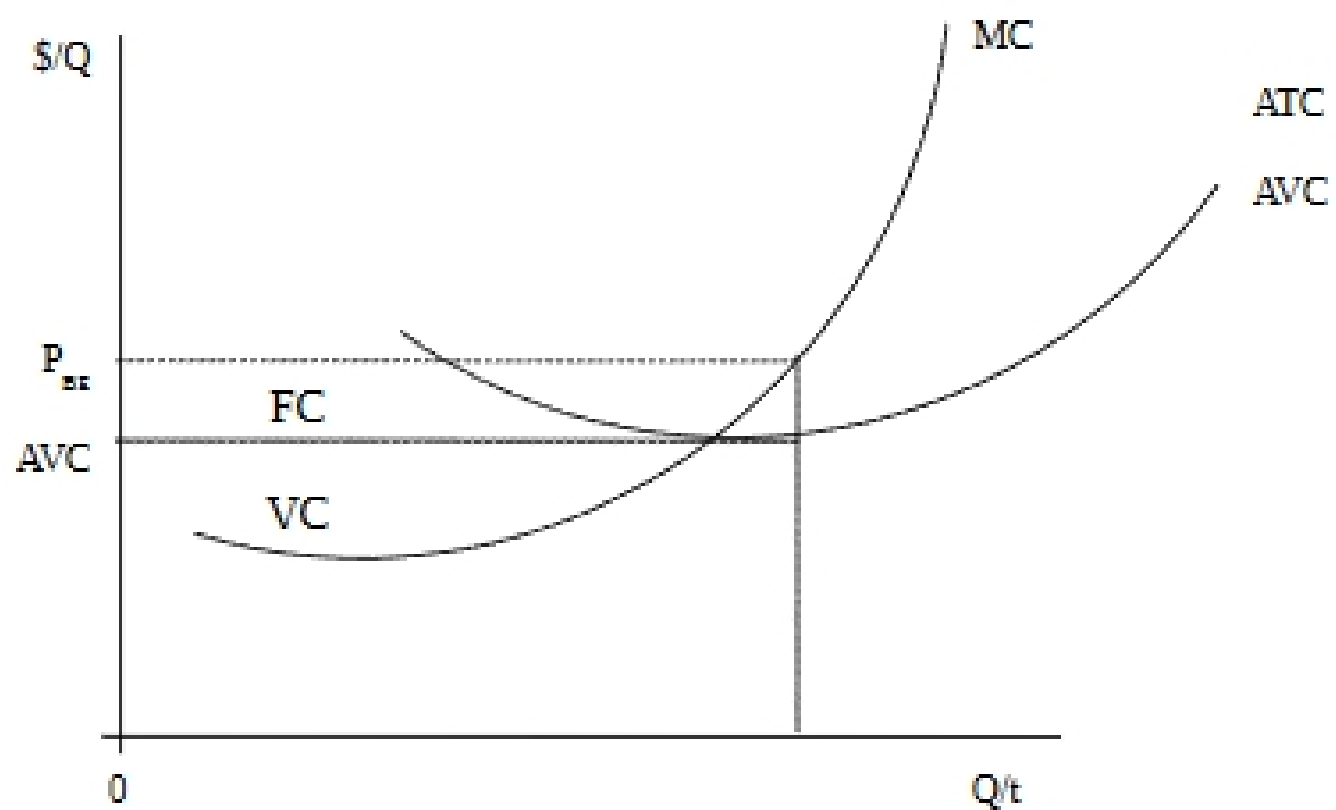
Name _____ **KEY** _____
11 a.m. Section _____

True/False – one point each

- F** 1. Substitutes' prices tend to move in opposite directions.
- F** 2. Government setting prices tends to increase the net value to market participants.
- F** 3. Diminishing opportunity costs is the reason for the shape of the PPC.
- T** 4. A price ceiling sets a maximum legal exchange price.
- F** 5. Oligopolistic industries produce the smallest value of output from the market models.

5 points each

- 6. If marginal product is positive and declining we are incurring diminishing returns.
- 7. $AVC + AFC =$ ATC
Change in TR = MR
Sum of MC = VC
 $TR - TC =$ Profit
 $AVC \times Q =$ VC
- 8. Diagram ATC, AVC and MC. Show FC and VC at the lowest possible breakeven price.



9. Of the three types of profit we discussed which is always the largest or at least tied for largest of any profit level? **accounting**
10. Diagram an effective price floor showing the deadweight loss, quantity exchanged and final consumer surplus.

