

# [Essay about economics – flashcard essay](https://assignbuster.com/essay-about-economics-flashcard-essay/)

1)

The demand facing a monopolistically competitive firm is \_\_\_\_\_\_\_\_ a monopolistic firm and \_\_\_\_\_\_\_\_ a perfectly competitive firm.

1)

\_\_\_\_\_\_\_

A)

less elastic than; more elastic than

B)

as elastic as; less elastic than

C)

more elastic than; less elastic than

D)

more elastic than; as elastic as

2)

A monopolistically competitive firm

2)

\_\_\_\_\_\_\_

A)

sells a fixed amount of output regardless of price.

B)

can sell an infinite amount of output at the market-determined price.

C)

must raise price to sell more output.

D)

must lower price to sell more output.

Refer to the information provided in Figure 15. 1 below to answer the questions that follow. Below are drawn cost curves for Dom’s Barber Shop, a monopolistically competitive firm. Figure 15. 1

3)

Refer to Figure 15.

1. In this industry in the long run

3)

\_\_\_\_\_\_\_

A)

product demand will decrease so that profits are decreased.

B)

firms will enter until all firms earn a normal profit.

C)

the government will impose price controls to eliminate any economic profits.

D)

firms will continue to earn economic profits.

4)

When some firms exit a monopolistically competitive industry, the demand curves of the remaining firms in the industry

4)

\_\_\_\_\_\_\_

A)

shift downward.

B)

shift to the right.

C)

shift to the left.

D)

do not change.

5)

Monopolistically competitive firms in long-run equilibrium produce at \_\_\_\_\_\_\_\_ the optimal scale.

5)

\_\_\_\_\_\_\_

A)

less than

B)

sometimes more and sometimes less than

C)

more than

D)

exactly

6)

Assuming no externalities exist, if a good’s price is less than its marginal cost, then the benefits consumers derive are \_\_\_\_\_\_\_\_ than the cost of resources needed to…