Assignment 5

The market for lemonade is perfectly competitive. The price of lemonade has been stable for some time but recently has increased. You are asked to determine how the increase in price will affect the market.

1. If the market demand curve shifts rightward,
   a. high current demand
   b. high producer quality of product
   c. high price
   d. none of these

2. The market demand curve shifts leftward.
   a. true
   b. false

3. If the market demand curve shifts rightward, what will happen to the quantity demanded?
   a. increase
   b. decrease

4. A firm operating in a perfectly competitive market is
   a. a price-maker
   b. a price-taker

5. In the short run, price decreases as the demand curve shifts to the left.
   a. true
   b. false

6. Price is equal to the marginal revenue curve
   a. true
   b. false

7. A perfectly competitive firm
   a. maximizes profits
   b. maximizes revenue

8. The price of a product is determined
   a. by the seller
   b. by the buyer

9. The quantity demanded decreases as the price decreases.
   a. true
   b. false

10. If a new firm is entering the market, what will happen to the market price?
    a. increase
    b. decrease

11. A firm in a perfectly competitive market
    a. produces at the minimum of the average total cost curve
    b. produces at the minimum of the average variable cost curve

12. The firm in the perfectly competitive market
   a. is price-taker
   b. is price-maker

13. If the market demand curve shifts rightward, the firm will
   a. increase its production
   b. decrease its production

14. If the market demand curve shifts leftward, the firm will
   a. increase its production
   b. decrease its production

15. In the long run, price decreases as the demand curve shifts to the left.
   a. true
   b. false

16. If the market demand curve shifts rightward, the firm will
   a. increase its production
   b. decrease its production

17. In the long run, price decreases as the demand curve shifts to the left.
   a. true
   b. false

18. The price of a product is determined
   a. by the seller
   b. by the buyer

19. The quantity demanded decreases as the price decreases.
   a. true
   b. false

20. If a new firm is entering the market, what will happen to the market price?
    a. increase
    b. decrease

21. A firm in a perfectly competitive market
    a. produces at the minimum of the average total cost curve
    b. produces at the minimum of the average variable cost curve

22. If the market demand curve shifts rightward, the firm will
    a. increase its production
    b. decrease its production

23. If the market demand curve shifts leftward, the firm will
    a. increase its production
    b. decrease its production

24. In the long run, price decreases as the demand curve shifts to the left.
    a. true
    b. false

25. If a new firm is entering the market, what will happen to the market price?
    a. increase
    b. decrease

26. A firm in a perfectly competitive market
    a. produces at the minimum of the average total cost curve
    b. produces at the minimum of the average variable cost curve

27. If the market demand curve shifts rightward, the firm will
    a. increase its production
    b. decrease its production

28. If the market demand curve shifts leftward, the firm will
    a. increase its production
    b. decrease its production

29. In the long run, price decreases as the demand curve shifts to the left.
    a. true
    b. false

30. If a new firm is entering the market, what will happen to the market price?
    a. increase
    b. decrease

31. A firm in a perfectly competitive market
    a. produces at the minimum of the average total cost curve
    b. produces at the minimum of the average variable cost curve

32. If the market demand curve shifts rightward, the firm will
    a. increase its production
    b. decrease its production

33. If the market demand curve shifts leftward, the firm will
    a. increase its production
    b. decrease its production

34. In the long run, price decreases as the demand curve shifts to the left.
    a. true
    b. false

35. If a new firm is entering the market, what will happen to the market price?
    a. increase
    b. decrease