Multiple Choice (10 points each)

1. If a firm can change market prices by altering its output, then it:
   A) Has market power.
   B) Is a price taker.
   C) Faces a flat demand curve.
   D) Engages in marginal cost pricing.

2. If the entire output of a market is produced by a single seller, the firm:
   A) Is a monopoly.
   B) Faces a perfectly inelastic demand.
   C) Can charge any price it wants and not lose customers.
   D) All of the above.

3. The demand curve for an individual monopolist:
   A) Slopes upward.
   B) Is the same as the market demand curve.
   C) Is the same as the marginal revenue curve.
   D) Does not exist.

4. For a monopolist, the profit-maximizing rate of output occurs where:
   A) \( MC = \text{minimum} \ ATC \).
   B) \( P = MC \).
   C) \( MR = MC \).
   D) \( P = ATC \).

5. The marginal revenue of a monopolist is:
   A) Equal to price at all output levels.
   B) Below price.
   C) Constant up to the rate of output that maximizes total revenues.
   D) The same as the demand curve.

6. A barrier to entry is:
   A) A law established by the government to protect new industries.
   B) A commitment on the part of big business to allow smaller companies to compete.
   C) An obstacle that prevents additional workers from entering an industry, such as a union.
   D) An obstacle that makes it difficult for new firms to enter a market.

7. Price discrimination is best defined as:
   A) Charging an excessive price for a product.
   B) The charging of different prices by different companies for the same product.
   C) The selling of an identical good at different prices to different consumers by a single seller.
   D) The selling of differentiated goods to consumers at different prices.
8. Which of the following is a barrier to entry into a monopoly market?
A) Economic profits for the monopolist.
B) A large number of firms in the industry.
C) Economies of scale.
D) Production of a homogeneous product.

9. Which of the following contributes to a firm maintaining a monopoly?
A) Economies of scale.
B) Law suits.
C) Acquisitions.
D) All of the above.

10. Markets that exhibit economies of scale over the entire range of market output:
A) Are natural monopolies.
B) Are perfectly competitive.
C) Have downward-sloping short-run average total cost curves.
D) Have upward-sloping long-run average total cost curves.

11. A market may be contestable if there are:
A) Falling average fixed costs in the long run.
B) Government regulations.
C) High barriers to entry.
D) Possibilities for entry.