## Answer all the following questions:

| I) | **True & false:** | (20 marks) |
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| | | |
|---|---|---|
| 1 | The most profitable rate of output is the intersection of marginal revenue and average revenue. | |
| 2 | Total profit is the difference between total production and total cost. | |
| 3 | Demand moves along the curve when incomes increase. | |
| 4 | The equilibrium price (pe) of any good is established by the intersection of market demand and market supply. | |
| 5 | Price in monopoly is always equals MR. | |
| 6 | Total utility is the change in Marginal Utility obtained by consuming one additional unit of a good or service. | |
| 7 | Price elasticity of demand is the percentage in price divided by change in quantity. | |
| 8 | Utility is the pleasure or satisfaction obtained from a good or service. | |
| 9 | In the long run, some costs don't increase at all when output is increased. | |
| 10 | Unit revenue is simply the price of the good minus the quantity sold. | |
| 11 | A competitive firm can't sell its entire production at the prevailing market price. | |
| 12 | The demand curve in monopoly is upward sloping. | |
| 13 | The total revenue of a seller is the amount of money received from produced sales. | |
| 14 | If demand were perfectly elastic, the demand curve would be horizontal. | |
| 15 | One of the only inputs we can vary are labor. | |
| 16 | Without sewing machines the operators can make Jeans. | |
| 17 | The money in your pocket sets a limit to your spending | |
| 18 | An empty factory can't produce any good . | |
| 19 | We will still have to pay rent, but we can cut back on wages. | |
| 20 | The factory lease is an example for fixed costs. | |

## II) You have the following table: (16 marks)

| Level | Out put | Price | TC | MC | TR | Profits or Losses |
|-------|---------|-------|-----|-----|-----|-------------------|
| A | 0 | 70 | 50 | | | |
| B | 1 | 70 | 80 | | | |
| C | 2 | 70 | 100 | | | |
| D | 3 | 70 | 115 | | | |
| E | 4 | 70 | 155 | | | |
| F | 5 | 70 | 225 | | | |
| G | 6 | 70 | 345 | | | |

## Find each of:

### 1) Marginal costs    MC

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### 2) Total Revenue   TR

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### 3) Profits or Losses

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### 4) The best output using a full graph

## III) Define each of: (10 marks)

### 1- Fixed costs.

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### 2- Price elasticity of Demand.

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### 3-    Production function.

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### 4- Law of diminishing returns.

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### 5-Total Utility.

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# VI) From the following table answer the questions below:
**(10 marks)**

| Level | Output (per day) | Price | Total cost | ATC | MC |
|-------|------------------|-------|------------|-----|-----|
| A | 0 | 13 | 10 $ | | |
| B | 1 | 13 | 15 | | |
| C | 2 | 13 | 22 | | |
| D | 3 | 13 | 31 | | |
| E | 4 | 13 | 44 | | |
| F | 5 | 13 | 61 | | |

1- Find ATC

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2- Find MC

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3- Find the best quantity of output.

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4- If the price raised to 17 $ , find the best quantity, and profits or losses at the best quantity.

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5- Find profits or losses at the best level of output. Using a graph

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## V) Translate into Arabic:

1- Total revenue is equal to the price of the product multiplied by the quantity sold.

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2- The most output attainable from any given level of factor inputs is the production function.

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3- The total costs of producing a good equals the market value of all the resources used in its production.

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4- The central question in all these decisions of quantity demanded to a change in price.

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5- Total costs will change of course as we alter rate of production.

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6- The amount of labor employed in Jeans production can be varied easily.

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7- A perfectly competitive industry has several distinguishing characteristics including many firms.

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8- If the shop owner asks a higher price no one will buy his shirts, since any consumer can buy from other shops.

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9- Total profits represented as the vertical distance between the total revenue curve and the total costs curve.

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10-     Equilibrium price is the price at which the quantity of a good demanded in a given time period equals the quantity supplied  .

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## VI) Fill in spaces using mentioned words:

(price- without – reduce – parents – situations- factory – strive – identical – shifts – impossible)

1- In monopoly ------------------------, the demanded curve facing the firm is ----------------------to the market demand curve for the product.

2- Obstacles, such as ------------------that make it difficult or ---------for would be producers to enter a particular market.

3- If  competitive firm ----------costs the supply curve will-----------further to the right and down.

4- Competitive firms ----------for the rate of output at which marginal costs equal -----------------.

5- If we decide not to open the ---------------tomorrow, we can just tell our only worker to take the day off ---------------------pay.


**Good Luck**