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1. Which of the following is not a type of market structure?

a. Competitive monopoly

b. Oligopoly

c. Perfect competition

d. All of the above are types of market structures.

2. If the market demand curve for a commodity has a negative slope then the market structure must be

a. perfect competition.

b. monopoly.

c. imperfect competition.

d. The market structure cannot be determined from the information given.

3. If a firm sells its output on a market that is characterized by many sellers and buyers, a homogeneous product, unlimited long-run resource mobility, and perfect knowledge, then the firm is a

a. a monopolist.

b. an oligopolist.

c. a perfect competitor.

d. a monopolistic competitor.

4. If a firm sells its output on a market that is characterized by a single seller and many buyers of a homogeneous product for which there are no close substitutes and barriers to long-run resource mobility, then the firm is

a. a monopolist.

b. an oligopolist.

c. a perfect competitor.

d. a monopolistic competitor.

5. If a firm sells its output on a market that is characterized by many sellers and buyers, a differentiated product, and unlimited long-run resource mobility, then the firm is

a. a monopolist.

b. an oligopolist.

c. a perfect competitor.

d. a monopolistic competitor.

6. If a firm sells its output on a market that is characterized by few sellers and many buyers and limited long-run resource mobility, then the firm is

a. a monopolist.

b. an oligopolist.

c. a perfect competitor.

d. a monopolistic competitor.

7. If one perfectly competitive firm increases its level of output, market supply

a. will increase and market price will fall.

b. will increase and market price will rise.

c. and market price will both remain constant.

d. will decrease and market price will rise.

8. Which of the following markets comes close to satisfying the assumptions of a perfectly competitive market structure?

a. The stock market.

b. The market for agricultural commodities such as wheat or corn.

c. The market for petroleum and natural gas.

d. All of the above come close to satisfying the assumptions of perfect competition.

9. A perfectly competitive firm should reduce output or shut down in the short run if market price is equal to marginal cost and price is

a. greater than average total cost.

b. less than average total cost.

c. greater than average variable cost.

d. less than average variable cost.

10. The market demand curve for a perfectly competitive industry is QD = 12 - 2P. The market supply curve is QS = 3 + P. The market will be in equilibrium if

a. P = 6 and Q = 9.

b. P = 5 and Q = 2.

c. P = 4 and Q = 4.

d. P = 3 and Q = 6.