NEW ENGLAND COLLEGE

**SCHOOL OF GRADUATE AND PROFESSIONAL STUDIES**

**TAKE HOME TEST**

**SPRING 2014**

There are one hundred questions in this test and you should answer all of them. Please read each question carefully and circle the best answer to each. Best wishes. Reza Jalili

1. Being a first mover means:

|  |  |
| --- | --- |
| a. | Being the first firm to offer a product in a particular market. |
| b. | Being successful. |
| c. | Asking for failure. |
| d. | Nothing unless the firm continues to be the first mover. |
| e. | That there is never a benefit to not being the first mover. |

1. Firms will merge or one firm will acquire another for all but which of the following reasons:

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| --- | --- |
| a. | one large firm has a cost advantage over two smaller firms. |
| b. | synergies involved between the two firms. |
| c. | to enter a new market. |
| d. | to diversify risk. |
| e. | one large firm can sell more than two smaller firms. |

1. Globalization does not mean:

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| --- | --- |
| a. | the homogenizing of markets. |
| b. | when one product or one brand is sold in many different international markets. |
| c. | the increase in trade among nations. |
| d. | the establishment of manufacturing plants in more than one nation. |
| e. | the purchase of supplies from foreign firms. |

 4. A Basic principle of economics is:

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| --- | --- |
| a. | knowing your customer means understanding their income. |
| b. | there are costs involved in any action or decision. |
| c. | demand equals supply. |
| d. | equilibrium is beneficial. |
| e. | size and market share are important goals for a business. |

1. "Knowing your customer" means:

|  |  |
| --- | --- |
| a. | knowing what factors affect customer choices. |
| b. | knowing the names of customers. |
| c. | knowing whether something is a fad or a fashion. |
| d. | knowing that people do not believe advertising. |
| e. | having an understanding of why price goes up or down. |

6. Core competency implies:

|  |  |
| --- | --- |
| a. | a firm produces one single product. |
| b. | a firm hires only one type of employee. |
| c. | a firm focuses on only one type of customer. |
| d. | a firm does one thing better than it does other things. |
| e. | a firm must be competent at its core  its executive level. |

7. There is no free lunch means

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| --- | --- |
| a. | each action has a cost. |
| b. | each choice involves a free item. |
| c. | each decision has elements of free goods in it. |
| d. | if you get your lunch paid for by someone else, it is free, but if you have to pay, it is not free. |
| e. | if you are invited to lunch by someone, you are not expected to pay for it. |

8. It can be said that the essence of good management is:

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| --- | --- |
| a. | to determine when a free lunch is actually free. |
| b. | to be sure there are not "too many chefs stirring the broth." |
| c. | to ensure that the reputation of the firm remains high. |
| d. | to ensure that the stock price remains high. |
| e. | to determine whether the implementation of a practice increases the value that a firm adds. |

 9. Economic decision making refers to:

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| --- | --- |
| a. | comparing costs and benefits. |
| b. | rejecting wish-driven strategies. |
| c. | ensuring that wants and needs are matched. |
| d. | analyzing demand and supply. |
| e. | forecasting. |

 10. Net social benefits are maximized when:

|  |  |
| --- | --- |
| a. | marginal benefits equal marginal costs. |
| b. | marginal benefits are greater than marginal costs. |
| c. | marginal benefits are less than marginal costs. |
| d. | total benefits are equal to total costs. |
| e. | average benefits are marginal benefits are equal. |

 11. Trade between countries is based on

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| --- | --- |
| a. | absolute advantage only. |
| b. | monopoly power. |
| c. | comparative advantage. |
| d.e.  | all of the abovenone of these choices. |

 12. In international trade, the concept of 'relative opportunity cost' refers to

|  |  |
| --- | --- |
| a. | absolute advantage. |
| b. | comparative advantage. |
| c. | technical costs. |
| d. | institutional advantage. |

e. none of the above.

 13. Allocation schemes can be based on

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| --- | --- |
| a. | prices. |
| b. | randomness. |
| c. | government decisions. |
| d. | all of these choices. |

e. none of the above.

 14. The cost of a choice is

|  |  |
| --- | --- |
| a. | the price of the product selected. |
| b. | the price of the product not selected. |
| c. | the best opportunity. |
| d. | all of the opportunities given up. |

e. what has been given up to make the choice.

 15. People trade because

|  |  |
| --- | --- |
| a. | they are able to take advantage of others. |
| b. | government regulates the market. |
| c. | the must do so. |
| d. | they make themselves better off. |

e. all of the above.

 16. Buying a product in one market and selling it in another is called

|  |  |
| --- | --- |
| a. | competition. |
| b. | arbitrage. |
| c. | efficiency. |
| d. | comparative advantage. |

e. any of the above.

 17. When a negative externality is present

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| --- | --- |
| a. | the market price is too low. |
| b. | the market price is too high. |
| c. | the market price is at equilibrium. |
| d. | none of these choices. |

e. (a) and (c) above.

 18. In the consumption of public goods

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| --- | --- |
| a. | consumers can be excluded. |
| b. | free riders can be excluded. |
| c. | consumers cannot be excluded. |
| d. | government is excluded. |

e. (b) and (c) above.

 19. When people by insurance they often adopt risky behavior. This is an example of

|  |  |
| --- | --- |
| a. | adverse selection. |
| b. | moral hazard. |
| c. | a negative externality. |
| d. | moral hazard and a positive externality. |

e. moral hazard and public goods.

 20. Asymmetric information often makes it difficult to tell good from bad. This is a problem of

|  |  |
| --- | --- |
| a. | moral hazard. |
| b. | adverse selection. |
| c. | positive externalities. |
| d. | negative externalities. |

e. any of the above.

 21. Internalizing the externalities means that

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| --- | --- |
| a. | all costs have been paid for. |
| b. | all costs and benefits have been taken into account. |
| c. | all benefits have been received. |
| d. | free-riders have paid a tax to the government. |

e. none of the above.

 22. Government rules and regulations, properly devised, can

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| --- | --- |
| a. | improve the function of property rights. |
| b. | limit free-riders. |
| c. | reduce negative externalities. |
| d. | all of these choices. |

e. none of these choices.

 23. If all actions are known to all then there is

|  |  |
| --- | --- |
| a. | a focused economy. |
| b. | a negative externality. |
| c. | transparency. |
| d. | a dictatorship. |

 e. any of above.

 24. Firms exist because of

|  |  |
| --- | --- |
| a. | incomplete contracts. |
| b. | team production. |
| c. | the incentive to free ride. |
| d. | all of these choices. |

e. none of the above

 25. If a firm is wondering whether or not it should "buy or make,"

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| --- | --- |
| a. | it is exploring its horizontal boundaries. |
| b. | it is exploring its vertical boundaries. |
| c. | it is exploring the boundaries of its network. |
| d. | it is considering a "winner-take-all" event. |

e. it is operating outside of its boundaries.

 26. The way one firm relates to another in the supply chain is referred to as being

|  |  |
| --- | --- |
| a. | upstream or downstream. |
| b. | latitudinal or longitudinal. |
| c. | left or right. |
| d. | competitor or conspirator. |

e. horizontal or vertical

 27. Without enforcement, a contract

|  |  |
| --- | --- |
| a. | is binding. |
| b. | is lateral in form. |
| c. | is costless to enforce. |
| d. | not really binding. |

e. is not a contract.

 28. The management and stockholders are not necessarily the same people. This gives rise to

|  |  |
| --- | --- |
| a. | upstream and downstream contracts. |
| b. | a principal-agent problem. |
| c. | complete contracts. |
| d. | a control over moral hazard. |

e. public good.

 29. The scope of a firm refers to its

|  |  |
| --- | --- |
| a. | vertical boundaries. |
| b. | economies of scale. |
| c. | horizontal boundaries. |
| d. | all of these choices. |

e. none of the above.

 30. The set of collectively held beliefs, values, and norms among the members of a firm that influence individual behavior is referred to as

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| --- | --- |
| a. | network values. |
| b. | horizontal values. |
| c. | implicit contracts. |
| d. | corporate culture. |

e. coporate ethics.

 31. A problem associated with the principal-agent relationship is

|  |  |
| --- | --- |
| a. | imperfect information. |
| b. | perfect information. |
| c. | the low costs of monitoring behavior. |
| d. | any of these choices. |

e. none of the above.

 32. When employees are paid more than their worth when they are hired and less than their worth near retirement

|  |  |
| --- | --- |
| a. | compensation is forward loaded. |
| b. | compensation is backloaded. |
| c. | compensation is fair. |
| d. | compensation is independent of productivity. |

e. compensation is not fair.

 33. Backloaded compensation encourages

|  |  |
| --- | --- |
| a. | employee turnover. |
| b. | employee rollover. |
| c. | principals to be agents. |
| d. | employees to stay with the firm. |

e. none of the above.

 34. A flat wage profile refers to

|  |  |
| --- | --- |
| a. | wage compression. |
| b. | backloaded compensation. |
| c. | an efficiency wage. |
| d. | deferred compensation. |

e. any of the above.

 35. A piecework wage compensation may be used if productivity

|  |  |
| --- | --- |
| a. | can be related to the supply chain. |
| b. | is easy to measure. |
| c. | is difficult to observe. |
| d. | is backloaded. |

e. none of the above.

 36. Free riding is a problem

|  |  |
| --- | --- |
| a. | if an individual's contribution to a team is not easily measured. |
| b. | if an individual's contribution is to a team is easily measured. |
| c. | when monitoring is costless. |
| d. | when team members are altruistic. |

e. all of the above.

 37. A common way used to align the interests of managers with the interests of equity holders is

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| --- | --- |
| a. | piecework pay. |
| b. | stock options. |
| c. | forwarded loaded pay schemes. |
| d. | insurance. |

e. golden parachute.

 38. Any point inside the production possibilities frontier is called

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| --- | --- |
| a. | full employment. |
| b. | unemployment. |
| c. | efficient. |
| d. | unobtainable. |

e. desirable position.

 39. What type of market exhibits product differentiation?

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| --- | --- |
| a. | perfect competition |
| b. | monopolistic competition |
| c. | oligopoly |
| d. | monopoly |

e. all of the above

 40. In what market type does an individual firm face a perfectly elastic demand curve?

|  |  |
| --- | --- |
| a. | perfect competition |
| b. | monopolistic competition |
| c. | oligopoly |
| d. | monopoly |

e. any of the above

 41. A firm in which market has the most market power?

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| --- | --- |
| a. | perfect competition |
| b. | monopolistic competition |
| c. | oligopoly |
| d. | monopoly |

e. all of the above

 42. In which market type does the firm face the most inelastic demand curve?

|  |  |
| --- | --- |
| a. | perfect competition |
| b. | monopolistic competition |
| c. | monopoly |
| d. | oligopoly |

e. any of the above is possible.

 43. A brand name can affect a firm’s

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| --- | --- |
| a. | price elasticity of demand |
| b. | average total cost curve |
| c. | marginal cost |
| d. | managerial performance |

e. all of the above

 44. A price that discourages entry is called a

|  |  |
| --- | --- |
| a. | fair price |
| b. | limit price |
| c. | minimum price |
| d. | all of these choices |

e. none of the above choices

 45. A unique resource can serve as

|  |  |
| --- | --- |
| a. | guarantee of economic profit |
| b. | a barrier to entry |
| c. | a sunk cost |
| d. | normal profit |

e. non of the above

 46. Strategic behavior

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| a. | is found in competitive markets. |
| b. | is a form of product differentiation. |
| c. | involves the interdependence of actions. |
| d. | is only present when there are price fixing agreements. |

e. all of the above.

 47. In a sequential game

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| --- | --- |
| a. | players try to figure out an opponent's future response in making their own moves. |
| b. | all players make decisions at the same time. |
| c. | players draw lots and take turns. |
| d. | players figure out their own moves and then forecast their following moves. |

e. any of the above.

 48. In a simultaneous game,

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| --- | --- |
| a. | players have the benefit of seeing the moves of others before they make their moves. |
| b. | every player is looking forward and reasoning forward. |
| c. | one player has to go first. |
| d. | players do not have the benefit of observing the moves of other players before making their own. |

e. all of the above.

 49. A prisoner's dilemma exists when

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| --- | --- |
| a. | all parties are as well off as possible. |
| b. | all parties are worse off than would be the case if the parties could agree to another set of behaviors. |
| c. | all but one party is worse off. |
| d. | there are no benefits at all from any strategy. |

e. none of the above.

 50. A commitment

|  |  |
| --- | --- |
| a. | is a promise. |
| b. | is a contractual arrangement between parties. |
| c. | is when one party states that they will not play a game that ends in a prisoner's dilemma. |
| d. | is when a party states that they will engage in a certain type of behavior regardless of what others do. |

e. none of the above.

 51. When a game is played repeatedly

|  |  |
| --- | --- |
| a. | only customers learn. |
| b. | customers and firms are both able to learn. |
| c. | firms end up colluding. |
| d. | a prisoner's dilemma will be the equilibrium. |

e. none of the above.

 52. Markets provide

|  |  |
| --- | --- |
| a. | information. |
| b. | prices. |
| c. | incentives. |
| d. | all of these choices. |

e. none of these choices.

 53. Specialization should be guided

|  |  |
| --- | --- |
| a. | by government regulations. |
| b. | comparative advantage |
| c. | by only technology. |
| d. | by only labor or technology. |

e. none of the above.

 54. In the market processes resources end up being located in their

|  |  |
| --- | --- |
| a. | highest valued use. |
| b. | next best use. |
| c. | proper use. |
| d. | none of these choices. |

e. (a) and (c) above.

 55. If economic profits are zero

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| --- | --- |
| a. | accounting profits is less than the cost of capital. |
| b. | accounting profit is just covering the cost of capital. |
| c. | the cost of capital is negative. |
| d. | the entrepreneur should go to his/her next best alternative. |

e. (b) and (d) above.

 56. Seeking profits without producing anything

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| a. | is called rent-seeking |
| b. | is socially desirable |
| c. | is encouraged by government |
| d. | all of these choices |

 57. The Herfindahl-Hirschman Index is used to measure

|  |  |
| --- | --- |
| a. | brand recognition. |
| b. | the ease of market entry. |
| c. | market power. |
| d. | all of these choices. |

e. none of the above.

 58. Dumping means that a firm is

|  |  |
| --- | --- |
| a. | violating environmental laws. |
| b. | selling a product in a foreign country. |
| c. | selling a product in a foreign country at a higher price than it does at home. |
| d. | selling a product of lower quality in a foreign country. |

e. none of the above.

 59. A limit on how much a firm can export to a foreign country is called a(n)

|  |  |
| --- | --- |
| a. | import tax. |
| b. | tariff. |
| c. | quota. |
| d. | dumped supply. |

e. free trade.

 60. A tax on an imported product is called a

|  |  |
| --- | --- |
| a. | tariff. |
| b. | quota. |
| c. | dumping signal. |
| d. | all of these choices. |

e. none of the above.

 61. Regulatory commissions often set a(n) \_\_\_\_ for a regulated business

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| --- | --- |
| a. | economic profit. |
| b. | fair rate of return. |
| c. | overhead charge. |
| d. | entry barrier. |

e. none of the above.

 62. Network affects (externality) can be present when the

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| --- | --- |
| a. | internet was initially open to everyone. |
| b. | costs of production are low relative to the cost of distribution. |
| c. | cost of production are low relative to the costs of rent-seeking. |
| d. | costs of distribution are low relative to the costs of production. |

e. all of the above.

 63. Value maximization means

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| --- | --- |
| a. | that managers make decision so as to increase the long-run market value of the financial claims on the firm. |
| b. | that a firm should make products that have the highest price. |
| c. | that managers make decision so as to increase the short-run market value of the financial claims on the firm. |
| d. | all of these choices. |

e. none of these choices.

 64. Adding value means

|  |  |
| --- | --- |
| a. | to make products that have positive prices. |
| b. | that the value of a firms output is greater than the value of the output that was not produced by the inputs the firm employs. |
| c. | that the firm has a positive economic profit. |
| d. | that economic profit is zero. |

e. all of the above.

 65. When in a competitive market a firm earns economic profit

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| --- | --- |
| a. | accounting profits are zero. |
| b. | market share has be capitalized. |
| c. | other firms enter the market. |
| d. | total revenue has been maximized. |

e. monopolies are created.

 66. Entry of new firms causes

|  |  |
| --- | --- |
| a. | accounting profits to go to zero. |
| b. | market share to grown. |
| c. | economic profits to go to zero. |
| d. | total revenue to be maximized. |

e. all of the above.

 67. If a firm has market power it

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| --- | --- |
| a. | will certainly be able to protect its market share. |
| b. | may be able to continue to earn economic profits. |
| c. | will minimize its marginal costs. |
| d. | will definitely be able to maximize total revenue. |

e. none of the above.

 68. If demand is perfectly elastic,

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| --- | --- |
| a. | the smallest increase in price will cause quantity demanded to fall to zero. |
| b. | the smallest increase in price will cause demand to fall to zero. |
| c. | the smallest increase in price will cause quantity demanded to fall. |
| d. | the smallest increase in price will cause demand to fall. |

e. any of the above.

 69. If price is cut and demand is elastic, then

|  |  |
| --- | --- |
| a. | total revenue will fall. |
| b. | total revenue will not change. |
| c. | quantity demanded will fall. |
| d. | total revenue will rise. |

e. any of the above.

 70. When demand is inelastic,

|  |  |
| --- | --- |
| a. | price and revenue move in opposite directions. |
| b. | price and revenue are not related. |
| c. | price and quantity demanded move in opposite directions. |
| d. | price and revenue move in the same direction. |

e. none of the above.

 71. The presence of substitute goods will tend to make demand more

|  |  |
| --- | --- |
| a. | inelastic. |
| b. | unit elastic. |
| c. | elastic. |
| d. | vertical. |

e. (a) or (b) above.

 72. A manager can determine if her product is viewed as a normal good or an inferior good by considering

|  |  |
| --- | --- |
| a. | price elasticity. |
| b. | cross elasticity. |
| c. | advertising elasticity. |
| d. | income elasticity. |

e. (b) and (d) above.

 73. A luxury good has

|  |  |
| --- | --- |
| a. | a negative income elasticity. |
| b. | a cross elasticity of one. |
| c. | a very low income elasticity. |
| d. | a negative price elasticity. |

e. a very high income elasticity.

 74. Cross elasticity tells a manager that the product they produce is

|  |  |
| --- | --- |
| a. | a countercyclical good. |
| b. | a cyclical good. |
| c. | a luxury. |
| d. | a substitute or complement to other goods. |

e. an inferior good.

 75. Assume that product X has a positive cross elasticity with respect to shoes. If the price

 of shoes rises

|  |  |
| --- | --- |
| a. | the demand for product X will decrease. |
| b. | the quantity demanded for product X will increase. |
| c. | the demand for shoes will fall. |
| d. | the demand for product X will increase. |

e. any of the above is possible.

 76. When variable inputs are added to a fixed input

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| --- | --- |
| a. | output increases. |
| b. | output can increase at an increasing rate. |
| c. | output can increase at a decreasing rate. |
| d. | all of these choices are possible. |

e. none of these choices are possible.

 77. After the point of diminishing marginal returns

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| --- | --- |
| a. | marginal product falls. |
| b. | production should stop. |
| c. | marginal product rises. |
| d. | marginal product shifts from negative to positive. |

e. any of the above is possible.

 78. If average total cost is rising

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| --- | --- |
| a. | marginal cost is above average total cost. |
| b. | marginal cost is rising. |
| c. | marginal product is rising. |
| d. | marginal cost is above average total cost and is falling. |

e. production is optimal.

 79. If marginal cost is rising

|  |  |
| --- | --- |
| a. | marginal product in rising. |
| b. | marginal product is falling. |
| c. | average variable costs is equal to marginal cost. |
| d. | average variable cost is above average total cost. |

e. profit is maximized.

 80. Marginal cost

|  |  |
| --- | --- |
| a. | cuts average variable cost and average fixed cost at their lowest point. |
| b. | cuts average variable cost and average total cost at their lowest point. |
| c. | rises and then falls. |
| d. | is the mirror image of marginal product. |

e. is the most important factor in profitability.

 81. If unit costs decrease as the quantity of production increases and all inputs are variable, then a firm is experiencing

|  |  |
| --- | --- |
| a. | constant returns to scale. |
| b. | economies of scale. |
| c. | diseconomies of scale. |
| d. | falling economies of scope. |

e. any of the above is possible.

 82. A U-shaped long-run average cost curve indicates that

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| --- | --- |
| a. | economies of scale follow diseconomies of scale. |
| b. | diseconomies of scale follow economies of scale |
| c. | economies of scale and economies of scope are the same. |
| d. | economies of scale dominate diseconomies of scale over all levels of production. |

e. profit is maximized.

 83. When a firm divests itself of an unrelated business to focus on it core competency, the firm is

|  |  |
| --- | --- |
| a. | using economies of scope to cut costs. |
| b. | outsourcing. |
| c. | downsizing. |
| d. | market sharing. |

e. cannibalizing.

 84. If marginal revenue exceeds marginal costs

|  |  |
| --- | --- |
| a. | production should be increased. |
| b. | production should be increased and profits will grow. |
| c. | production should be increased and losses will decrease. |
| d. | all of these choices are possible. |

e. none of the choices are possible.

 85. The phrase "price-taker" means

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| --- | --- |
| a. | that market price is independent of the output of a single firm. |
| b. | each firm faces a perfectly elastic demand curve. |
| c. | that price and marginal revenue are the same. |
| d. | all of these choices. |

e. (a) and (c) above.

 86. With free entry

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| --- | --- |
| a. | economic profits are possible over the long run. |
| b. | economic profits are possible but only over limited amounts of time. |
| c. | economic profits are not possible. |
| d. | the cost of capital will not be covered. |

e. none of the above.

 87. Exit from a market will stop when

|  |  |
| --- | --- |
| a. | accounting losses are zero. |
| b. | the cost of capital is equal to the risk-free rate of return. |
| c. | economic profits are zero. |
| d. | economic losses are zero. |

e. none of these choices.

 88. Over the long run, monopolies can earn

|  |  |
| --- | --- |
| a. | economic profit. |
| b. | normal profit only. |
| c. | accounting profit only. |
| d. | no economic profit. |

e. none of the above.

 89. In a monopoly,

|  |  |
| --- | --- |
| a. | marginal revenue is greater than price. |
| b. | marginal revenue is less than price. |
| c. | the demand curve is horizontal. |
| d. | marginal revenue and price are equal |

e. all of the above.

 90. When a firm is a price maker

|  |  |
| --- | --- |
| a. | price is equal to marginal revenue. |
| b. | price is greater than marginal revenue. |
| c. | price is less than marginal revenue. |
| d. | price is equal to marginal cost. |

e. any of the above is possible.

 91. Firms try to capture consumer surplus by

|  |  |
| --- | --- |
| a. | repeat Nash equilibrium games. |
| b. | finding markets with many competitors. |
| c. | exploiting suppliers. |
| d. | personalized pricing. |

e. all of the above.

 92. In a product line extension

|  |  |
| --- | --- |
| a. | a constant price elasticity of demand is assumed. |
| b. | a firm introduces different products and lets buyers self-select themselves into different groups. |
| c. | is able to identify different markets at very low costs. |
| d. | demand is assumed to be elastic |

e. any of the above.

 93. When a price is presented in context to another, a firm is

|  |  |
| --- | --- |
| a. | discriminating. |
| b. | maximizing profits. |
| c. | marking up. |
| d. | framing. |

e. (c) and (d) above.

 94. When firms price based on the packaging of several products, they are

|  |  |
| --- | --- |
| a. | using a limit price. |
| b. | predatory in their marketing. |
| c. | framing. |
| d. | bundling. |

e. none of the above.

 95. Cell phone companies often include an activation fee with the purchase of their service. This is an example of

|  |  |
| --- | --- |
| a. | collateral pricing. |
| b. | tying. |
| c. | predatory pricing. |
| d. | unfair competition. |

e. price discrimination.

 96. When the pricing of one product produced by a firm adversely affects the revenue earned by another product of the same firm, the second product has been

|  |  |
| --- | --- |
| a. | cannibalized. |
| b. | tied. |
| c. | bundled. |
| d. | sacrificed. |

e. forgone.

 97. Amazon.com claims that its average costs fall as it adds new product lines to its website. Amazon.com is experiencing

|  |  |
| --- | --- |
| a. | network externalities. |
| b. | diseconomies of scope. |
| c. | economies of scale. |
| d. | all of these choices. |

e. none of these choices.

 98. Market share

|  |  |
| --- | --- |
| a. | does not guarantee profitability. |
| b. | guarantees profitability. |
| c. | is why Pets.com is so dominant today. |
| d. | all of these choices. |

e. none of these choices.

 99. Economic profits are earned when

|  |  |
| --- | --- |
| a. | price equals marginal cost. |
| b. | price equals average variable costs. |
| c. | price equals average total costs. |
| d. | price is greater than average total costs. |

e. perfect information prevails.

 100. To gain market share a firm should

|  |  |
| --- | --- |
| a. | maximize marginal revenue. |
| b. | maximize profit. |
| c. | minimize costs. |
| d. | minimize marginal cost. |

e. maximize revenue.