



SIR ARTHUR LEWIS COMMUNITY COLLEGE
ACADEMIC YEAR (2024/2025) - SEMESTER TWO
END OF SEMESTER EXAMINATION

COURSE CODE : ECO113
COURSE TITLE : INTRODUCTION TO MICROECONOMICS
LECTURER(S) : PERSAD, DENESE; JOSEPH, DEVERNANT
DATE : MONDAY, APRIL 28, 2025
TIME : 1:00 PM
DURATION : 2 HOURS
STUDENT ID # : _____

GENERAL INFORMATION AND INSTRUCTIONS

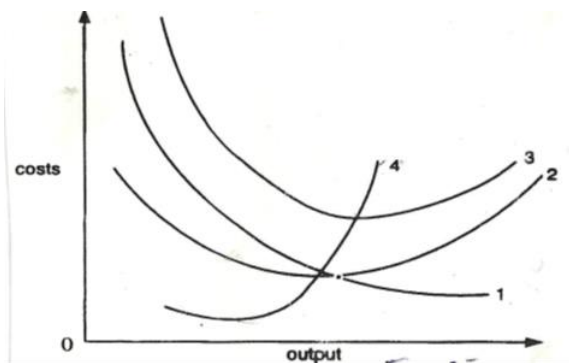
- Students must sign **IN** and **OUT** on the examination class list.
- Write your ID number on the question paper.
- This examination consists of **TWO (2) sections**.
- Section A consists of FIFTEEN (15) **multiple choice questions**. Section B consists of FOUR (4) **structured questions**. **Answer all questions**.
- Number your responses accurately.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Section A

This section consists of fifteen multiple choice questions. Circle the correct answer.

- The traditional aim of the firm is:
 - Revenue maximization
 - Sales maximization
 - Profit maximization
 - Expansion
- Calculate the marginal cost of the 10th can, if total cost of 9 cans is \$900 and total cost of 10 cans is \$980.
 - 100
 - 1880
 - 80
 - 1800
- What would explain why a long run average cost curve is U shaped?
 - Changes in technology
 - Economies and diseconomies of scale
 - Rising factor prices after a certain level of output
 - An increase in capacity utilization as output expands
- In the short run, a firm is producing at its minimum average cost per unit of output. What effect will a small increase in output have on the firm's marginal and average cost?
 - MC fall AC rise
 - MC rise AC rise
 - Both fall
 - Both rise
- The diagram shows the short run cost curves of a firm:



Which statement is correct?

- Curve 2 is the marginal cost curve
- Curve 1 is the average fixed cost curve
- Curve 3 is the average variable cost curve
- Curve 4 is the average total cost curve

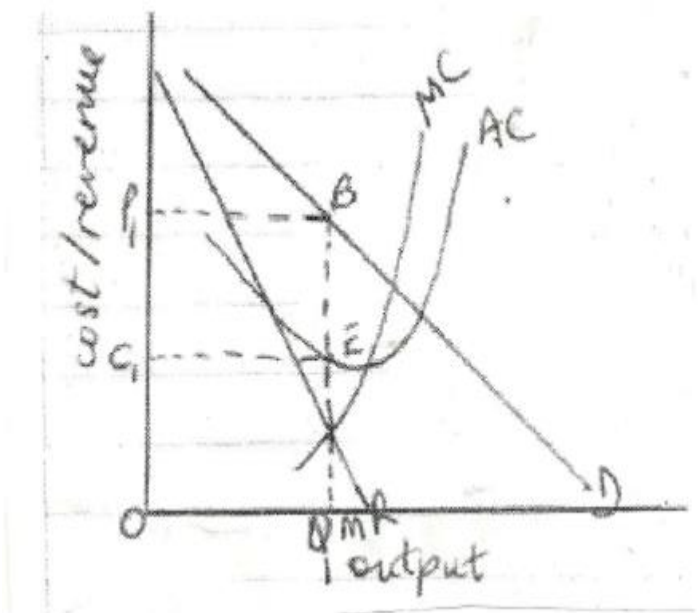
6. In which market structure are there many firms selling a differentiated product?
- a) Oligopoly
 - b) Perfect competition
 - c) Monopolistic competition
 - d) Monopoly
7. A barrier to entry is:
- a) An open door
 - b) The economic term for diseconomies of scale
 - c) Illegal in most markets
 - d) Anything that protects a firm from the arrival of competitors
8. In which market structure does DIGICEL operate?
- a) Perfect competition
 - b) Monopoly
 - c) Oligopoly
 - d) Monopolistic competition
9. In a cartel:
- a) Firms compete against each other
 - b) Price wars are common
 - c) Firms use prices to win market share from competitors
 - d) Firms collude
10. A horizontal demand curve for a firm is found under conditions of:
- a) Monopolistic competition
 - b) Oligopoly
 - c) Perfect competition
 - d) Monopoly
11. Free rider can occur when a good is:
- a) A private good
 - b) Excludable and nonrival
 - c) Excludable and rival
 - d) Nonexcludable and nonrival
12. Which of the following is not an example of market failure:
- a) A monopolist charging prices above marginal cost
 - b) Inequality in the distribution of income
 - c) Aircraft noise affecting individuals living near airports
 - d) The damage to common land due to over grazing
13. Which form of government intervention would correct market failure?
- a) Rationing of public goods
 - b) Granting of subsidies to goods that provide high external benefits
 - c) Banning the consumption of luxury goods
 - d) Taxation of goods that provide high external benefits

- | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 | 101 | 102 | 103 | 104 | 105 | 106 | 107 | 108 | 109 | 110 | 111 | 112 | 113 | 114 | 115 | 116 | 117 | 118 | 119 | 120 | 121 | 122 | 123 | 124 | 125 | 126 | 127 | 128 | 129 | 130 | 131 | 132 | 133 | 134 | 135 | 136 | 137 | 138 | 139 | 140 | 141 | 142 | 143 | 144 | 145 | 146 | 147 | 148 | 149 | 150 | 151 | 152 | 153 | 154 | 155 | 156 | 157 | 158 | 159 | 160 | 161 | 162 | 163 | 164 | 165 | 166 | 167 | 168 | 169 | 170 | 171 | 172 | 173 | 174 | 175 | 176 | 177 | 178 | 179 | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 | 193 | 194 | 195 | 196 | 197 | 198 | 199 | 200 | 201 | 202 | 203 | 204 | 205 | 206 | 207 | 208 | 209 | 210 | 211 | 212 | 213 | 214 | 215 | 216 | 217 | 218 | 219 | 220 | 221 | 222 | 223 | 224 | 225 | 226 | 227 | 228 | 229 | 230 | 231 | 232 | 233 | 234 | 235 | 236 | 237 | 238 | 239 | 240 | 241 | 242 | 243 | 244 | 245 | 246 | 247 | 248 | 249 | 250 | 251 | 252 | 253 | 254 | 255 | 256 | 257 | 258 | 259 | 260 | 261 | 262 | 263 | 264 | 265 | 266 | 267 | 268 | 269 | 270 | 271 | 272 | 273 | 274 | 275 | 276 | 277 | 278 | 279 | 280 | 281 | 282 | 283 | 284 | 285 | 286 | 287 | 288 | 289 | 290 | 291 | 292 | 293 | 294 | 295 | 296 | 297 | 298 | 299 | 300 | 301 | 302 | 303 | 304 | 305 | 306 | 307 | 308 | 309 | 310 | 311 | 312 | 313 | 314 | 315 | 316 | 317 | 318 | 319 | 320 | 321 | 322 | 323 | 324 | 325 | 326 | 327 | 328 | 329 | 330 | 331 | 332 | 333 | 334 | 335 | 336 | 337 | 338 | 339 | 340 | 341 | 342 | 343 | 344 | 345 | 346 | 347 | 348 | 349 | 350 | 351 | 352 | 353 | 354 | 355 | 356 | 357 | 358 | 359 | 360 | 361 | 362 | 363 | 364 | 365 | 366 | 367 | 368 | 369 | 370 | 371 | 372 | 373 | 374 | 375 | 376 | 377 | 378 | 379 | 380 | 381 | 382 | 383 | 384 | 385 | 386 | 387 | 388 | 389 | 390 | 391 | 392 | 393 | 394 | 395 | 396 | 397 | 398 | 399 | 400 | 401 | 402 | 403 | 404 | 405 | 406 | 407 | 408 | 409 | 410 | 411 | 412 | 413 | 414 | 415 | 416 | 417 | 418 | 419 | 420 | 421 | 422 | 423 | 424 | 425 | 426 | 427 | 428 | 429 | 430 | 431 | 432 | 433 | 434 | 435 | 436 | 437 | 438 | 439 | 440 | 441 | 442 | 443 | 444 | 445 | 446 | 447 | 448 | 449 | 450 | 451 | 452 | 453 | 454 | 455 | 456 | 457 | 458 | 459 | 460 | 461 | 462 | 463 | 464 | 465 | 466 | 467 | 468 | 469 | 470 | 471 | 472 | 473 | 474 | 475 | 476 | 477 | 478 | 479 | 480 | 481 | 482 | 483 | 484 | 485 | 486 | 487 | 488 | 489 | 490 | 491 | 492 | 493 | 494 | 495 | 496 | 497 | 498 | 499 | 500 | 501 | 502 | 503 | 504 | 505 | 506 | 507 | 508 | 509 | 510 | 511 | 512 | 513 | 514 | 515 | 516 | 517 | 518 | 519 | 520 | 521 | 522 | 523 | 52 |
|--|---|---|---|---|---|---|---|---|---|-----|----|
|--|---|---|---|---|---|---|---|---|---|-----|----|

(1/2 mark each)

2. Select one type of market structure. Give 2 examples of firms in that market structure and describe 3 characteristics of that market structure. (5 marks)

3. Use the graph below to explain the firm's market structure; its profit maximizing output, total revenue, total cost and profit. (5 marks)



4. Define economic efficiency and its components parts. (5 marks)