MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) All of the following are features of monopoly EXCEPT that
   A) location may restrict a monopoly’s market power.
   B) a monopoly is the only supplier of the good.
   C) monopolies have no close substitutes.
   D) monopolies have no barriers to entry or exit.

2) Effort by a firm to monopolize a market
   A) is price taking. B) is rent seeking.
   C) raises consumer surplus. D) is price discrimination.

3) Compared to a competitive industry, a monopoly transfers
   A) producer surplus to consumers. B) deadweight loss to consumers.
   C) deadweight loss to producers. D) consumer surplus to producers.

4) An externality may be a
   A) cost but not a benefit. B) marginal cost but not a total cost.
   C) cost or a benefit. D) benefit but not a cost.

5) An example of an externality occurs when a chemical factory
   A) overworks its employees.
   B) produces fertilizers that do not help plants grow.
   C) produces fertilizers that kill plants rather than feed them.
   D) dumps waste in a river upstream from a popular fishing spot.

6) Access to the broadcast signal from a radio station is
   A) a private good, but the station itself is a public good.
   B) a public good, but the station itself is a private good.
   C) a private good, as is the station itself.
   D) a public good, as is the station itself.

7) A free rider is someone who
   A) enjoys leisure more than work, at the margin.
   B) produces a good and never gets paid for it.
   C) generates externalities in production.
   D) consumes a good without paying for it.
8) In Figure 13.8, the short-run reduction in consumer surplus caused by producing under monopoly instead of perfect competition is
   A) $6.00 per day.  B) $7.00 per day.  C) $13.00 per day.  D) zero.
   8) _______

9) In Figure 13.8, the short-run reduction in output caused by production under monopoly instead of perfect competition is
   A) zero.  B) approximately 3 units per day.  C) approximately 1 unit per day.  D) approximately 2 units per day.
   9) _______

10) In Figure 13.8, the short-run increase in price caused by production under monopoly instead of perfect competition is approximately
    A) $1.00 per unit.  B) $3.00 per unit.  C) $2.00 per unit.  D) $4.00 per unit.
    10) _______

11) In Figure 13.8, the short-run redistribution from consumer to the producer caused by production under monopoly instead of perfect competition is
    A) zero.  B) $3.00 per day.  C) $12.00 per day.  D) $6.00 per day.
    11) _______

12) In Figure 13.8 the short-run deadweight loss from production under monopoly instead of perfect competition is
    A) approximately $7.00 per day.  B) approximately $16.00 per day.  C) zero.  D) approximately $2.00 per day.
    12) _______

13) Refer to Figure 13.8. The total profit for this unregulated monopolist is
    A) $1.00 per day.  B) zero.  C) $3.00 per day.  D) $9.00 per day.
    13) _______

14) In Figure 13.8, the fixed cost
    A) is $6 per day.  B) is $4 per day.  C) is $2 per day.  D) cannot be determined.
    14) _______
The monopoly described in Figure 13.9 produces only at the output level that will maximize profits and charges a single price unless otherwise stated.

Figure 13.9

15) If the industry in Figure 13.9 were competitive, the profit-maximizing level of output would
A) exceed the monopoly level of output by 20 units.
B) be the same as the monopoly level of output.
C) be less than the monopoly level of output.
D) exceed the monopoly level of output by 40 units.

16) In Figure 13.6, the deadweight loss from production under a single-price monopoly instead of perfect competition is the area of
A) triangle ufg.  B) triangle egx.  C) triangle ugx.  D) triangle gmx.

17) In Figure 13.6, a single-price unregulated monopoly will set price
A) a.  B) h.  C) j.  D) c.
18) In Figure 13.6, consumer surplus at the price that maximizes profit is the area of
   A) rectangle 0cen.  B) rectangle 0fgm.  C) triangle ufg.  D) triangle uce.

19) Unregulated monopolies
   A) cannot incorporate.  B) take the market price as given.
   C) can influence market quantity or price.  D) take the market quantity as given.

20) The single-price, unregulated monopolist will produce if price is
   A) greater than average variable cost.  B) less than average fixed cost.
   C) equal to marginal revenue.  D) less than marginal revenue.

21) Monopolies often earn positive economic profit because
   A) they receive government subsidies.  B) barriers to entry prevent price declines.
   C) they have high costs.  D) monopoly risks are high.

22) In Figure 13.8, the short-run increase in producer surplus caused by producing under monopoly
    instead of perfect competition is
    A) $6.00 per day.  B) zero.  C) $3.00 per day.  D) $5.00 per day.
23) The monopoly in Figure 13.5 charges a single price. The deadweight loss caused by production under monopoly instead of perfect competition is

A) $22.50.  
B) $45.00.  
C) $0.  
D) $90.00.

24) In Figure 13.6, a single-price unregulated monopoly will produce at output

A) m.  
B) n.  
C) p.  
D) t.

25) In Figure 13.6, the transfer of consumer surplus from consumers to the producer caused by production under a single-price monopoly instead of perfect competition is the area of

A) triangle egx.  
B) 1/2 of rectangle cexh.  
C) trapezoid cegf.  
D) rectangle cexh.
26) A patent grants
   A) an exclusive right to an inventor of a product.
   B) a guarantee of quality to consumers
   C) the right to practice a profession.
   D) control over a unique source or supply of raw materials.

27) All of the following are true of a firm that is a natural monopoly EXCEPT that
   A) the firm is not protected by any barriers to entry.
   B) its average total cost curve slopes downward as it intersects the demand curve.
   C) economies of scale prevail to a very high level of output.
   D) the firm can supply the entire market at a lower cost than two or more firms could.

28) In monopoly, the industry demand curve is the firm's
   A) supply curve.
   B) demand curve.
   C) marginal revenue curve.
   D) profit function.

29) In Figure 13.3, a monopoly's profits are positive between points
   A) s and r.
   B) a and c.
   C) c and r.
   D) s and a.

30) In Figure 13.3, a monopoly's profits are maximized at point
   A) c.
   B) a.
   C) b.
   D) r.

31) In Figure 13.3, marginal cost is highest at
   A) r.
   B) c.
   C) a.
   D) p.
32) For the unregulated monopoly in Figure 13.4, total profit will be approximately

A) $6.  
B) $3.  
C) $9.  
D) $4.