

Assignment 2

1-Which of the following is the least competitive market structure?

- a-Perfect competition**
- b-Monopolistic competition**
- c-Oligopoly**
- d-Monopoly**

2-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**

3- Why do many think of normative economics as subjective?

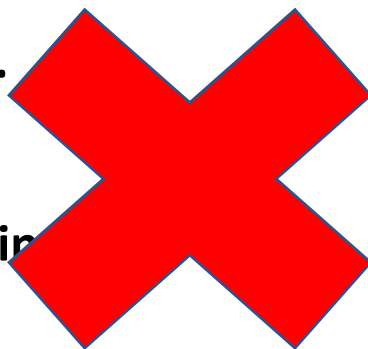
- a. **It is based on opinions.**
- b. It is based on econometric models.
- c. It can be biased based on the author's interpretation of the data.
- d. It changes with shifts in econometric variables.

4- What approach to economic study focuses on value judgements?

- a-**Normative economics**
- b-Positive economics
- c-Macroeconomics
- d-Microeconomics

5- Variables that a model tries to explain are called:

- a-**endogenous.**
- b-exogenous.
- c-market clearing
- d- fixed



6- Macroeconomic models are used to explain how _____ variables influence _____ variables.

- a- endogenous; endogenous
- b- **exogenous; endogenous**
- c- microeconomic; macroeconomic
- d- macroeconomic; microeconomic

7- External economies of scale are cost savings available to the whole _____ as a result of its _____.

- a- Industry, Location
- b- **Industry, Size**
- c- Business, Location
- d- Business, Size