



Economics and Business – Extra Questions

Meeting 4



Welcome To Success Formula Extra Questions

What Is It?

This free set of custom questions gives you a clear taste of what to expect on the exam and helps you check if you are keeping up with the material. They are based on our Weekly Meetings and cover the key topics you need to know. The difficulty of each question is shown in the corner by the number of lit Success Formula logos. Share, discuss, and have fun testing your knowledge with them! 😊

How Does It Work?

Give the questions a go on your own! We are not giving the answers on purpose. Peeking would make it way too easy. Stuck or unsure? Come into into our WhatsApp group and discuss them with us. The link/QR is on the last slide if these questions were shared with you.



Exam Time!



Question

Two firms, A and B, must decide whether to advertise. If both advertise, each earns \$10. If neither advertises, each earns \$20. If one advertises while the other doesn't, the advertiser earns \$30, and the other earns \$5. What is the Nash equilibrium outcome?

Answers

- A. Both firms advertise.
 - B. Both firms do not advertise.
 - C. Firm A advertises; Firm B does not.
 - D. Firm B advertises; Firm A does not.
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Exam Time!



Question

Country A can produce 10 units of wheat or 5 units of steel with one unit of labor, while Country B can produce 6 units of wheat or 3 units of steel with one unit of labor. Which statement is correct?

Answers

- A. Country A has a comparative advantage in wheat.
 - B. Country B has a comparative advantage in wheat.
 - C. Both countries have an absolute advantage in wheat.
 - D. Neither country has a comparative advantage in steel.
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Exam Time!



Question

Which of the following is true for a monopoly that maximizes profit?

Answers

- A. Price is always equal to marginal cost.
 - B. Price is always equal to marginal revenue.
 - C. Price is greater than marginal revenue because the firm faces a downward-sloping demand curve.
 - D. Price is less than marginal revenue because the firm faces a downward-sloping demand curve.
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Exam Time!



Question

Which of the following trade barriers would most likely reduce consumer surplus in the importing country?

Answers

- A. Subsidies to domestic producers
 - B. Import quotas
 - C. Export tariffs
 - D. Free trade agreements
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Exam Time!



Question

A monopolist faces a demand curve given by $P = 100 - 2Q$ and has a total cost function $TC = 20Q$. What is the profit-maximizing level of output?

Answers

- A. 20
 - B. 25
 - C. 30
 - D. 40
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