

IC #12 Key (4-10-09)

1. Which of the following correctly describes the typical production relationship between average product (AP) and marginal product (MP)?
 - a. $MP = AP$ where MP is at a maximum (-2)
 - b. AP is increasing if $MP < AP$ (-2)
 - * c. AP is increasing if $MP > AP$ (-0)
 - d. MP is the slope of AP (-3)
 - e. $MP = 0$ where AP is at a maximum (-3)

2. The rate at which a firm can substitute capital for labor in the long run while producing a specified level of output is given graphically by the slope of the:
 - a. total product curve (-2)
 - b. marginal product curve (-2)
 - c. supply curve (-3)
 - * d. isoquant
 - e. total revenue curve (-4)