

IC #13 Key (4-13-09)

1. A short run production period is one where:

- a. output is zero (-3)
- * b. at least one input is fixed (-0)
- c. the time period is less than one year (-2)
- d. no fixed costs are incurred (-3)
- e. the quantity of all inputs being used can NOT be altered (-2)

2. To maximize the profit from using a variable labor input in the short run, a firm should keep using more labor up to the point where:

- a. TP is a maximum (-2)
- b. MP is a maximum (-2)
- c. $MFC = w$ (= wage rate) (-3)
- * d. $MRP = MFC$ (-0)
- e. $MRP = 0$ (-3)