Economics 11 Caltech Spring 2010

QUIZ 4

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Following the Honor code, you should find 20 minutes and do the quiz, by yourself and without using any notes. Paper and pen should be all you need. Turn it in by Thursday 4-22 5pm. (drop off in lecture or in box in front of Baxter 133).
Each quiz is worth 6pts (for 48 out of 200 possible pts for all 8 quizzes)

The answers to the whole homework will be available Friday at 2pm.
1. Definitions (use words not equations)
3 lines or less
1pt Please define: Free Entry and exit.
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1pt Please define: Constant returns to scale

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lines or less
1pt Please define: short run average cost curve

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2. Graph problem
• 3 pts Suppose corn farmers in the US can be represented by a competitive industry with no economies or diseconomies of scale. Describe how this industry would adjust to an increase in demand for corn due to a corn bread fad. Explain your answer graphically; showing the cost curves for the typical farmer as well as the market supply and demand curves for short run and long run.