1. True-False-Uncertain: If a firm in a competitive industry is maximizing profit at a level of output that is on the upward-sloping part of its short-run ATC curve, then in the long run it should increase its capital input.

2. TFU: The horizontal long-run supply curve in a perfectly competitive industry with constant costs means that equilibrium producer surplus is zero.

3. The upward-sloping long-run supply curve in a perfectly competitive industry with increasing costs suggests positive equilibrium producer surplus, yet firms earn zero profit and have zero fixed costs. Who gets the surplus?