

Foundations of Microeconomics

Microeconomics · Practice Test · 10 Questions

1. What is the fundamental economic problem that occurs when human wants exceed the available resources?

- A) Inflation
- B) Scarcity
- C) Surplus
- D) Recession

2. In microeconomics, which term describes the value of the next best alternative that is given up when making a choice?

- A) Sunk cost
- B) Fixed cost
- C) Opportunity cost
- D) Marginal cost

3. According to the Law of Demand, what usually happens to the quantity demanded of a good when its price decreases?

- A) It stays the same
- B) It decreases
- C) It fluctuates randomly
- D) It increases

4. Which of the following is considered one of the four 'Factors of Production' in economic theory?

- A) Currency
- B) Entrepreneurship
- C) Advertising
- D) Consumerism

5. In a market economy, what is the point called where the quantity supplied exactly matches the quantity demanded?

- A) Shortage
- B) Price Floor
- C) Equilibrium
- D) Deficit

6. Which economic factor refers to the human-made tools, machines, and buildings used to produce other goods and services?

- A) Capital
- B) Labor
- C) Land
- D) Utility

7. What does the Law of Supply state about the behavior of producers as the price of a product rises?

- A) They stop production
- B) They produce less
- C) They produce more
- D) Price does not affect production

8. Which type of incentive is specifically designed to discourage a certain behavior or choice?

- A) Reward
- B) Subsidy
- C) Bonus
- D) Disincentive

9. What is the primary focus of microeconomics as a field of study?

- A) National debt and taxes
- B) Individual consumers and firms
- C) International trade agreements
- D) Total national output

10. What term is used to describe the division of tasks so that workers focus on a specific part of the production process?

- A) Specialization
- B) Diversification
- C) Competition
- D) Consumption