

# Advanced Microeconomics for Middle School

Microeconomics · Answer Key · 8 Questions

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**1. What is the fundamental economic problem that arises because human wants are unlimited while resources are finite?**

- A) Scarcity**
- B) Inflation
- C) Surplus
- D) Stagnation

**2. In economic terms, what is the value of the next best alternative that is sacrificed when a choice is made?**

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

**3. Which factor of production refers specifically to the man-made tools, machinery, and buildings used in the production of goods?**

- A) Land
- B) Capital**
- C) Labour
- D) Enterprise

**4. According to the Law of Demand, what is the relationship between the price of a good and the quantity demanded, ceteris paribus?**

- A) Direct relationship
- B) No relationship
- C) Exponential relationship
- D) Inverse relationship**

**5. Which 18th-century Scottish economist wrote 'The Wealth of Nations' and described the 'invisible hand' of the market?**

- A) Adam Smith**
- B) John Maynard Keynes
- C) David Ricardo
- D) Milton Friedman

**6. What market state is achieved when the quantity of a product supplied is exactly equal to the quantity demanded?**

- A) Elasticity
- B) Equilibrium**
- C) Utility
- D) Specialisation

**7. If the price of coffee rises and consumers respond by purchasing more tea, how are coffee and tea classified in economic terms?**

- A) Inferior goods
- B) Complementary goods
- C) Substitute goods**
- D) Public goods

**8. What specific market condition occurs when the quantity supplied of a good is greater than the quantity demanded at the current price?**

- A) Surplus**
- B) Shortage
- C) Deficit
- D) Equilibrium