

Microeconomics Fundamentals Quiz

Microeconomics · Answer Key · 4 Questions

1. What is the fundamental problem that all economies face due to unlimited wants and limited resources?

- A) Unlimited resources
- B) Perfect competition
- C) Scarcity**
- D) Market failure

2. What is the term for the value of the next best alternative that must be foregone when making a choice?

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

3. According to the Law of Demand, what generally happens to the quantity demanded of a good when its price increases, assuming all other factors remain constant?

- A) It increases
- B) It decreases**
- C) It remains the same
- D) It becomes irrelevant

4. According to the Law of Supply, what generally happens to the quantity supplied of a good when its price increases, assuming all other factors remain constant?

- A) It increases**
- B) It decreases
- C) It remains the same
- D) It fluctuates unpredictably