Microeconomics Fundamentals Quiz

Microeconomics · Practice Test · 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