

Foundations of Microeconomics

Microeconomics · Answer Key · 20 Questions

1. What is the term for when there are not enough resources to satisfy all human wants?

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

2. Which of these is considered a 'natural resource' used in production?

- A) A computer
- B) Coal**
- C) A factory
- D) A truck

3. What do we call the item you give up when you choose one option over another?

- A) Profit
- B) Price
- C) Opportunity cost**
- D) Salary

4. In economics, what is a 'good'?

- A) A service provided by a doctor
- B) A physical item you can touch**
- C) A helpful action
- D) A promise

5. What is an example of a service?

- A) A loaf of bread
- B) A haircut**
- C) A pencil
- D) A chair

6. What is the main goal of a consumer in a market?

- A) To produce goods
- B) To satisfy needs and wants**
- C) To print money
- D) To set taxes

7. What is the primary factor that usually determines the price of an item in a competitive market?

A) Supply and demand

B) Government decree

C) The weight of the item

D) The color of the item

8. What is the term for a person who creates or provides goods and services?

A) Consumer

B) Producer

C) Investor

D) Banker

9. Which of these is a 'capital resource'?

A) Water

B) Machinery

C) Land

D) Labor

10. What does 'demand' represent in microeconomics?

A) How much of a product is made

B) How much of a product people want to buy

C) The price of a product

D) The profit made by a store

11. If the supply of a popular toy is low but demand is high, what usually happens to the price?

A) It stays the same

B) It increases

C) It decreases

D) It disappears

12. What do we call the 'inputs' used to create goods and services?

A) Wants

B) Needs

C) Factors of production

D) Savings

13. What is the role of money in an economy?

A) To act as a medium of exchange

B) To replace resources

C) To eliminate scarcity

D) To set the weather

14. What is 'labor' in the context of economics?

A) The money earned

B) The human effort used to produce goods

C) The machines in a factory

D) The natural resources used

15. What is the main difference between a need and a want?

A) Needs are essential for survival

B) Wants are essential for survival

C) Needs are always expensive

D) Wants are always free

16. What happens to the supply of an item if a factory closes?

A) It increases

B) It stays the same

C) It decreases

D) It doubles

17. What is a 'market' in economic terms?

A) A place where food is grown

B) Any place where buyers and sellers meet to trade

C) A building where money is printed

D) A type of government

18. What is an 'incentive'?

A) A tax

B) A cost of production

C) Something that motivates a person to act

D) A type of natural resource

19. Which of these is an example of a renewable resource?

A) Coal

B) Oil

C) Sunlight

D) Natural gas

20. What is the benefit of specialization in production?

A) Increased efficiency

B) Lower quality

C) Higher scarcity

D) Less trade