

Foundations of Microeconomics

Microeconomics · Practice Test · 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