Introduction to Microeconomics

Microeconomics · Answer Key · 18 Questions

1. What term describes the basic items that people buy, such as food, clothing, and books?

A) Services
B) Goods
C) Wants
D) Capital

2. What is the primary economic problem that occurs when unlimited wants exceed limited resources?

A) Scarcity
B) Inflation
C) Surplus
D) Efficiency

3. Which term refers to tasks performed by others, such as haircuts or medical checkups, rather than physical objects?

A) Resources
B) Assets
C) Services
D) Production

4. What is the 'opportunity cost' of a decision?

A) The price paid in cash
B) The profit made on a sale
C) The value of the next best alternative given up
D) The total tax paid on a purchase

5. What does the law of demand generally state happens when the price of a product increases?

A) Demand increases
B) Demand decreases
C) Supply increases
D) Supply decreases

6. What are 'natural resources' also known as in economics?

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

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7. In a market economy, what usually helps determine the price of a good or service?

A) Government mandate
B) Barter systems
C) Interaction of supply and demand
D) Historical tradition

8. Which factor of production refers to the human effort used to produce goods and services?

A) Capital
B) Land
C) Labour
D) Technology

9. What is the term for the people who purchase goods and services for personal use?

A) Producers
B) Consumers
C) Manufacturers
D) Wholesalers

10. What are manufactured tools, machines, and buildings used to create other goods called?

A) Capital resources
B) Natural resources
C) Consumer goods
D) Human resources

11. If a store has more items than people want to buy at the current price, what is this called?

A) Shortage
B) Surplus
C) Inflation
D) Equilibrium

12. What is the term for a situation where there is not enough of a good to meet consumer demand?

A) Surplus
B) Scarcity
C) Shortage
D) Competition

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13. What is the primary role of an 'entrepreneur' in an economy?

A) To regulate prices
B) To provide all natural resources
C) To combine resources to create new products
D) To consume all goods produced

14. What happens to the supply of a product if the cost of raw materials significantly drops?

A) Supply often increases
B) Supply remains unchanged
C) Supply decreases
D) Demand disappears

15. Which term describes the amount of a good or service that producers are willing to provide at a specific price?

A) Demand
B) Supply
C) Consumption
D) Utility

16. What is the point where the quantity supplied equals the quantity demanded called?

A) Market equilibrium
B) Peak production
C) Maximum shortage
D) Total profit

17. What do we call things that are not necessary for survival but add comfort to life?

A) Needs
B) Wants
C) Assets
D) Dividends

18. What are the 'factors of production' used to create goods and services?

A) Land, Labour, Capital, and Enterprise
B) Taxes, Money, Banks, and Debt
C) Imports, Exports, Tariffs, and Trade
D) Supply, Demand, Price, and Profit

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