

Introduction to Microeconomics

Microeconomics · Practice Test · 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

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

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