Microeconomics Fundamentals

Microeconomics · Answer Key · 12 Questions

1. What term describes the quantity of a good or service that producers are willing and able to offer for sale at a given price?

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

2. What is the economic principle that refers to the limited availability of resources to meet unlimited human wants?

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

3. In a market economy, what usually happens to the quantity demanded of a product when its price increases?

A) It increases
B) It decreases
C) It remains unchanged
D) It becomes infinite

4. What is defined as the cost of the next best alternative that is given up when a choice is made?

A) Opportunity cost
B) Fixed cost
C) Variable cost
D) Total cost

5. Which market structure is characterised by a single seller providing a product with no close substitutes?

A) Perfect competition
B) Monopolistic competition
C) Oligopoly
D) Monopoly

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6. What is the point where the quantity supplied of a good equals the quantity demanded?

A) Market equilibrium
B) Trade deficit
C) Market failure
D) Comparative advantage

7. Which of the following is considered a 'factor of production'?

A) Currency
B) Interest rates
C) Land
D) Government tax

8. What occurs when the quantity supplied of a product exceeds the quantity demanded at a specific price?

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

9. Which economic concept explains why a person might value a second slice of pizza less than the first slice?

A) Diminishing marginal utility
B) Law of supply
C) Economies of scale
D) Elasticity

10. What are 'variable costs' in a business context?

A) Costs that stay the same regardless of production
B) Costs that change in proportion to the level of output
C) Costs that are paid only once
D) Costs related to advertising only

11. What is an oligopoly?

A) A market with many small sellers
B) A market dominated by a small number of large firms
C) A market with no regulation
D) A market with only one buyer

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12. What represents the desire, ability, and willingness of a consumer to purchase a product?

A) Production
B) Supply
C) Demand
D) Distribution