ALASKA ECONOMICS · UNIT 1

Microeconomics — Practice Test

Alaska Economics • 25 questions

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button so it can be fixed.

1 **Scarcity exists because**

A Human wants exceed limited resources

B Resources exceed human wants

C Money is scarce for everyone

D Goods are always free

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2 **A villager spends a day fishing for food instead of working a guiding job that pays 200. The opportunity cost of fishing that day is**

- A The cost of fishing gear
- B The 200 in wages given up
- C The cost of the guiding license
- D The value of every other choice

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3 **On a production possibilities curve, a point outside the curve shows a combination that**

- A Uses resources efficiently
- B Leaves resources idle
- C Cannot be produced with current resources
- D Is the best choice for society

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4 **When the price of fresh salmon in Anchorage rises and all else stays the same, the quantity demanded**



A Rises

B Stays the same

C Becomes zero

D Falls

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5 **When the price of crude oil rises and all else stays the same, the quantity supplied by oil producers**

A Rises

B Falls

C Stays the same

D Becomes zero

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6 **Household incomes in Fairbanks rise. What happens to the demand for restaurant meals, a normal good?**



A It falls

B It rises

C It stays the same

D It becomes zero

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7 **If the price of beef rises, what happens to the demand for chicken, a substitute for beef?**

A It falls

B It stays the same

C It becomes zero

D It rises

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8 **If the price of fishing boats falls, what happens to the demand for boat fuel, a complement to fishing boats?**



A It rises

B It falls

C It stays the same

D It becomes zero

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9 **Cheaper fuel lowers the cost of running tour boats in Juneau. What happens to the supply of boat tours?**

A It decreases

B It stays the same

C It increases

D It becomes zero

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10 **At a price of 15, quantity demanded is 120 units and quantity supplied is 90 units. How large is the shortage, in units?**

ANSWER _____

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11 **A city sets a rent ceiling below the equilibrium rent. What market outcome is most likely?**



A A surplus of housing

B A shortage of housing

C No change in housing

D Equilibrium in housing

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12 **A price floor is set above the equilibrium price. What market outcome is most likely?**

A A shortage

B No change

C A surplus

D Equilibrium

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13 **If price is 12 and quantity sold is 40, what is total revenue?**

ANSWER _____

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14 **The price of a good rises from 50 to 55, a 10 percent increase. Quantity demanded falls from 200 to 160, a 20 percent decrease. What is the price elasticity of demand?**

ANSWER _____

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15 **Total cost is 800 when output is 20 units and 850 when output is 21 units. What is the marginal cost of the 21st unit?**

ANSWER _____

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16 **A fishing lodge has total revenue of 900 and total cost of 650. What is its profit?**

ANSWER _____

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17 **A cannery has total cost of 720 and produces 24 units. What is its average total cost?**

ANSWER _____

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18 **What does the law of diminishing marginal utility state?**

- A Each extra unit gives more satisfaction than the last
- B Each extra unit gives less additional satisfaction than the last
- C Total utility always falls
- D Marginal utility is always zero

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19 **A buyer is willing to pay 60 for a guided trip but pays only 45. What is the best name for the 15 difference?**

- A Producer surplus
- B Consumer surplus
- C Deadweight loss
- D Marginal cost

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20 **A cannery discharges waste into a bay and harms fishers who are not part of the sale. This harm is an example of**

- A A private benefit
- B A public good
- C A negative externality
- D A price ceiling

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21 **Which of the following is closest to a public good?**

- A A lighthouse warning ships
- B A salmon fillet
- C A hotel room
- D A guided tour

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22 **Only one firm provides ferry service on a remote route and new firms cannot enter easily. This market is best described as**



A Perfect competition

B Monopolistic competition

C Oligopoly

D Monopoly

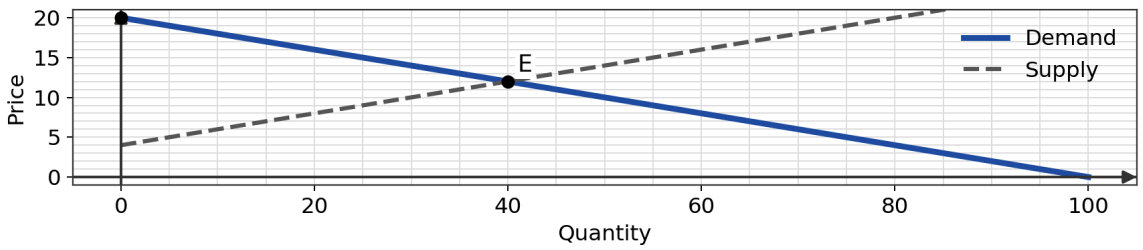
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23 **Many fishers sell an identical catch and no single fisher can set the price. This market is closest to**

- **A** Perfect competition
- **B** Monopoly
- **C** Oligopoly
- **D** Monopsony

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24 **The graph shows supply and demand for halibut in a coastal town. The equilibrium price is**



- **A** 8
- **B** 10
- **C** 12
- **D** 14

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25

If the wage for deckhands rises, what happens to the quantity of labor supplied, all else equal?

A It falls

B It stays the same

C It becomes zero

D It rises

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ANSWER KEY

1.	A	**10.**	30	**19.**	B
2.	B	**11.**	B	**20.**	C
3.	C	**12.**	C	**21.**	A
4.	D	**13.**	480	**22.**	D
5.	A	**14.**	2	**23.**	A
6.	B	**15.**	50	**24.**	C
7.	D	**16.**	250	**25.**	D
8.	A	**17.**	30		
9.	C	**18.**	B		

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