ALASKA ECONOMICS · UNIT 1 · 5 QUESTIONS

Microeconomics — Practice Test

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 **A single blank red paper price tag with a white string lies flat on a plain white surface. If the price of salmon rises and people buy more cod, the cross elasticity of demand between salmon and cod is**



A Negative

B Positive

C Zero

D Equal to one

Understand It with Pulse | Flag a mistake

2 **If income rises and demand for instant noodles falls, instant noodles are**

A An inferior good

B A normal good

C A luxury good

D A substitute good

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3 **When demand is inelastic, a rise in price will cause total revenue to**

A Fall

B Stay the same

C Become zero

D Rise

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4 **A tour company has fixed costs of 150 and variable costs of 350. What is its total cost?**

ANSWER _____

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5 **A firm has fixed costs of 300. It sells each unit for 25 and its variable cost per unit is 10. How many units must it sell to break even?**

ANSWER _____

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ANSWER KEY

1. B
2. A
3. D
4. 500
5. 20

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