ARIZONA ECONOMICS · UNIT 1 · 25 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 to let Brett know so he can fix it.

1 **Scarcity means that**

A Wants exceed limited resources

B Resources exceed all wants

C All goods are free

D Money has no value

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2 **A Phoenix student gives up a shift paying 40 to study for a test. What does the student give up by choosing to study?**



A The 40 in wages given up

B The cost of the textbook

C The price of the test

D Every choice ever made

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3 **On a production possibilities curve a point inside the curve shows**

- A Full use of resources
- B Resources left idle
- C An impossible output
- D Falling prices

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4 **When the price of bottled water in Tucson rises and nothing else changes the quantity demanded will**

- A Rise
- B Stay the same
- C Fall
- D Become zero

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5 **When the price of copper rises and nothing else changes the quantity supplied by copper mines will**

A Rise

B Fall

C Stay the same

D Disappear

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6 **Incomes in Mesa rise. What happens to demand for new cars, a normal good?**



A It falls

B It rises

C It stays flat

D It ends

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7 **If the price of movie tickets rises, demand for streaming movies, a substitute, will**

- A Fall
- B Stay the same
- C End
- D Rise

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8 **If the price of printers falls, demand for printer ink, a complement, will**

- A Rise
- B Fall
- C Stay the same
- D End

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9 **Cheaper solar panels lower the cost of installing home solar systems in Phoenix What happens to the supply of solar installations?**



A It decreases

B It stays the same

C It increases

D It ends

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10 **At a price of 9, quantity demanded is 150 and quantity supplied is 110 How large is the shortage, in units?**

ANSWER _____

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11 **At a price of 14, quantity demanded is 80 and quantity supplied is 115 How large is the surplus, in units?**

ANSWER _____

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12 **A town sets a rent ceiling below the equilibrium rent. The likely result is**



A A surplus of rentals

B A shortage of rentals

C No change

D Higher supply

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13 **A price floor for milk is set above the equilibrium price. The likely result is**

A A shortage

B No change

C A surplus

D Lower supply

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14 **If price is 18 and quantity sold is 25, what is total revenue?**

ANSWER _____

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15 **Price rises by 5 percent and quantity demanded falls by 15 percent What is the price elasticity of demand?**

ANSWER _____

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16 **Total cost is 640 at 16 units and 700 at 17 units What is the marginal cost of the 17th unit?**

ANSWER

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17 **A Flagstaff ski shop has revenue of 1200 and total cost of 850 What is its profit?**

ANSWER

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18 **A bakery has total cost of 900 and bakes 30 loaves. What is average total cost?**



ANSWER

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19 **The law of diminishing marginal utility says each extra unit gives**

A Less added satisfaction than the last

B More added satisfaction than the last

C No satisfaction at all

D The same total satisfaction

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20 **A visitor would pay 70 for a Grand Canyon tour but pays 50 The 20 difference is called**



A Producer surplus

B Consumer surplus

C Deadweight loss

D Fixed cost

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21 **A factory pollutes a river and harms anglers who did not buy its product This harm is an example of**

A A private cost

B A public good

C A negative externality

D A price floor

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22 **Which of these is closest to a public good?**

A A streetlight

B A sandwich

C A hotel room

D A haircut

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23 **Only one company sells water service in a small desert town and entry is blocked. This market is**

A Perfect competition

B Monopolistic competition

C Oligopoly

D Monopoly

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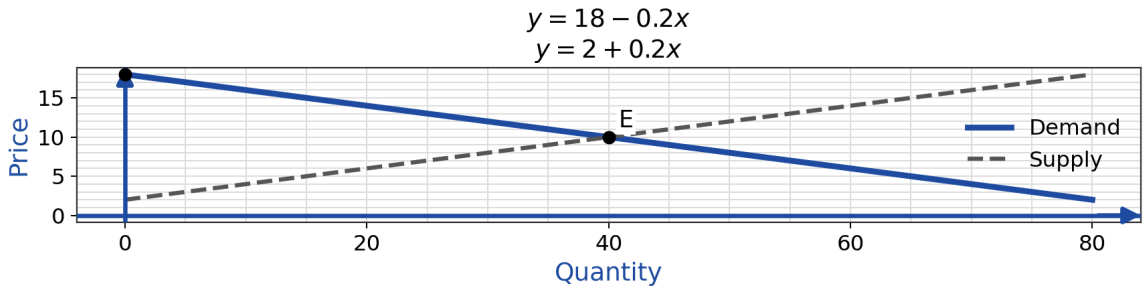
24 **The graph shows supply and demand for oranges in Yuma. The equilibrium price is**



A 6

B 8

C 10

D 12

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25 **If the wage for lifeguards rises, the quantity of labor supplied, all else equal, will**

A Fall

B Stay the same

C End

D Rise

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ANSWER KEY

1.	A	**10.**	40	**19.**	A
2.	A	**11.**	35	**20.**	B
3.	B	**12.**	B	**21.**	C
4.	C	**13.**	C	**22.**	A
5.	A	**14.**	450	**23.**	D
6.	B	**15.**	3	**24.**	C
7.	D	**16.**	60	**25.**	D
8.	A	**17.**	350		
9.	C	**18.**	30		

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