ARIZONA ECONOMICS · FINAL EXAM · 50 QUESTIONS

Final Exam — 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 **When demand is inelastic, a rise in price will cause total revenue to**

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

Understand It with Pulse | Flag a mistake

2 **Gross domestic product measures the market value of**

- A All final goods and services produced in a country
- B All used goods sold in a year
- C Only goods exported abroad
- D Only government spending

Understand It with Pulse | Flag a mistake

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

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

Understand It with Pulse | Flag a mistake

4 **A family buying groceries for its own use counts in GDP as**

- A Investment
- B Government spending
- C Net exports
- D Consumption

Understand It with Pulse | Flag a mistake

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

Understand It with Pulse | Flag a mistake

6 **Consumption is 600, investment is 200, government spending is 300 and net exports are -50. What is GDP?**

ANSWER _____

Understand It with Pulse | Flag a mistake

7 **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

Understand It with Pulse | Flag a mistake

8 **Total output is 2000 and population is 100. What is output per person?**

ANSWER _____

Understand It with Pulse | Flag a mistake

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

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

Understand It with Pulse | Flag a mistake

10 **A worker whose skills no longer match available jobs faces**

- A Frictional unemployment
- B Structural unemployment
- C Cyclical unemployment
- D Seasonal unemployment

Understand It with Pulse | Flag a mistake

11 **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

Understand It with Pulse | Flag a mistake

12 **In a labor force of 200, there are 10 unemployed workers What is the unemployment rate, in percent?**

ANSWER _____

Understand It with Pulse | Flag a mistake

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

ANSWER _____

Understand It with Pulse | Flag a mistake

14 **The nominal interest rate is 7 percent and inflation is 3 percent What is the real interest rate, in percent?**

ANSWER _____

Understand It with Pulse | Flag a mistake

15 **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

Understand It with Pulse | Flag a mistake

16 **An increase in consumer spending will shift aggregate demand**

A Left

B Right

C Down

D Not at all

Understand It with Pulse | Flag a mistake

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

ANSWER _____

Understand It with Pulse | Flag a mistake

18 **A sharp rise in oil prices raises production costs. Short run aggregate supply shifts**

A Right

B Left

C Up

D Not at all

Understand It with Pulse | Flag a mistake

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

ANSWER _____

Understand It with Pulse | Flag a mistake

20 **The government raises spending on roads to fight a recession This is an example of**

A Monetary policy

B Contractionary fiscal policy

C Expansionary fiscal policy

D Trade policy

Understand It with Pulse | Flag a mistake

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

ANSWER _____

Understand It with Pulse | Flag a mistake

22 **The marginal propensity to consume is 0.8 What is the spending multiplier?**

ANSWER _____

Understand It with Pulse | Flag a mistake

23 **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

Understand It with Pulse | Flag a mistake

24 **When the central bank raises interest rates, borrowing and spending usually**

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

Understand It with Pulse | Flag a mistake

25 **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

Understand It with Pulse | Flag a mistake

26 **If the required reserve ratio is 0.2, the simple money multiplier is**

ANSWER _____

Understand It with Pulse | Flag a mistake

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

A A streetlight

B A sandwich

C A hotel room

D A haircut

Understand It with Pulse | Flag a mistake

28 **A country exports more than it imports. It has a trade**

A Deficit

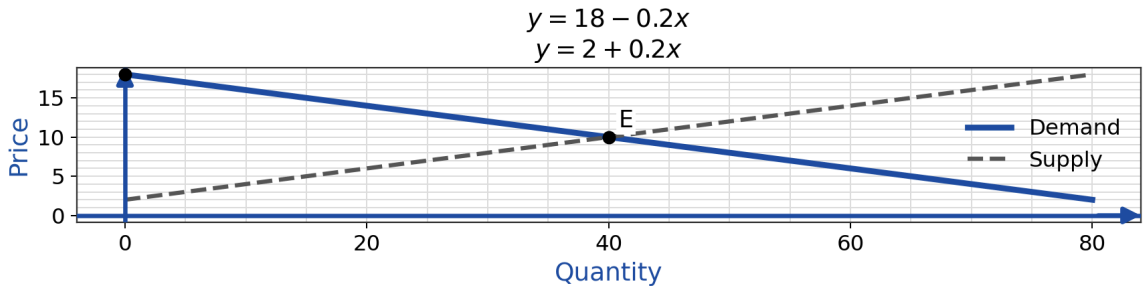
B Surplus

C Balance

D Embargo

Understand It with Pulse | Flag a mistake

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



A 6

B 8

C 10

D 12

Understand It with Pulse | Flag a mistake

30 **Rising prices together with falling output is called**

A Stagflation

B Deflation

C Expansion

D Appreciation

Understand It with Pulse | Flag a mistake

31 **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

Understand It with Pulse | Flag a mistake

32 **Money serves as a medium of exchange when it is used to**

- A Save for later
- B Measure value
- C Buy goods and services
- D Pay interest

Understand It with Pulse | Flag a mistake

33 **If income rises and demand for used clothing falls, used clothing is**

- A An inferior good
- B A normal good
- C A luxury good
- D A substitute

Understand It with Pulse | Flag a mistake

34 **A person who stops looking for work and is no longer counted as unemployed is called a**

A Discouraged worker

B Frictional worker

C Seasonal worker

D Structural worker

Understand It with Pulse | Flag a mistake

35 **A Tucson food truck has fixed costs of 180 and variable costs of 420 What is its total cost?**

ANSWER _____

Understand It with Pulse | Flag a mistake

36 **Inflation caused by rising demand for goods and services is called**

A Cost push inflation

B Demand pull inflation

C Deflation

D Stagflation

Understand It with Pulse | Flag a mistake

37 **A firm has fixed costs of 400. It sells each unit for 30 and variable cost per unit is 10. How many units break even?**

ANSWER _____

Understand It with Pulse | Flag a mistake

38 **A cut in taxes during a recession is an example of**

A Contractionary fiscal policy

B Expansionary fiscal policy

C Contractionary monetary policy

D Trade policy

Understand It with Pulse | Flag a mistake

39 **A government subsidy to producers of a good will most likely**

A Shift supply right

B Shift supply left

C Raise buyer price

D Cut quantity sold

Understand It with Pulse | Flag a mistake

40 **When a country imports more than it exports, it has a trade**

A Surplus

B Deficit

C Balance

D Quota

Understand It with Pulse | Flag a mistake

41 **An import quota limits how much of a good can be imported What happens to the domestic price?**

A It falls

B It stays the same

C It rises

D It becomes zero

Understand It with Pulse | Flag a mistake

42 **A tariff on imported steel will most likely raise the price of**

A Exported steel

B Imported steel

C Domestic labor

D Domestic land

Understand It with Pulse | Flag a mistake

43 **Which market structure has many firms selling differentiated products?**

A Perfect competition

B Monopoly

C Oligopoly

D Monopolistic competition

Understand It with Pulse | Flag a mistake

44 **In the long run, aggregate supply is usually drawn as**

A Upward sloping

B Downward sloping

C Vertical

D Horizontal

Understand It with Pulse | Flag a mistake

45 **A firm should shut down in the short run when price falls below**

A Average total cost

B Marginal cost

C Average variable cost

D Total revenue

Understand It with Pulse | Flag a mistake

46 **If the dollar strengthens against the peso, United States exports to Mexico become**

A Cheaper for Mexican buyers

B More expensive for Mexican buyers

C Free

D Unchanged

Understand It with Pulse | Flag a mistake

47 **The tragedy of the commons describes a shared grazing field that is**

A Underused because no one owns it

B Protected by high prices

C Used only by one firm

D Overused because no one owns it

Understand It with Pulse | Flag a mistake

48 **Actual output below potential output is called a**

A Recessionary gap

B Inflationary gap

C Trade gap

D Budget gap

Understand It with Pulse | Flag a mistake

49 **A worker can make 10 bracelets or 5 necklaces in one day What is the opportunity cost of one necklace, in bracelets?**

ANSWER _____

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50 **The short run Phillips curve shows a tradeoff between inflation and**

A Interest rates

B Unemployment

C Trade

D Taxes

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ANSWER KEY

1. D
2. A
3. D
4. D
5. A
6. 1050
7. D
8. 20
9. A
10. B
11. C
12. 5
13. 35
14. 4
15. C
16. B
17. 450
18. B
19. 60
20. C
21. 350
22. 5
23. A
24. B
25. C
26. 5
27. A
28. B
29. C
30. A
31. D
32. C
33. A
34. A
35. 600
36. B
37. 20
38. B
39. A
40. B
41. C
42. B
43. D
44. C
45. C
46. B
47. D
48. A
49. 2
50. B

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