ARKANSAS ECONOMICS · UNIT 1

Microeconomics — Practice Test

Arkansas Economics • 10 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 to let Brett know so he can fix it.

1 **Many firms sell differentiated products such as different brands of shoes This market structure is**

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

Understand It with Pulse | Flag a mistake

2 **In an oligopoly, a few large firms are best described as**

- A Price takers
- B Independent
- C Identical
- D Interdependent

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3 **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

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4 **A tax on a good with inelastic demand is mostly paid by**

- A Buyers
- B Sellers
- C The government
- D Foreign producers

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5 **A subsidy to producers of a good will most likely**

- A Shift supply left
- B Shift supply right
- C Raise the price paid by buyers
- D Reduce quantity sold

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6 **An emergency fund is money set aside mainly for**

- A Luxury purchases
- B Paying higher taxes
- C Buying stocks only
- D Unexpected expenses

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7 **Interest earned on both the original deposit and past interest is called**

- A Simple interest
- B Fixed cost
- C Compound interest
- D Opportunity cost

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8 **A savings account pays simple interest of 5 percent per year on 200 dollars Interest after one year, in dollars, is**

- A 10
- B 5
- C 20
- D 205

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9 **Checking accounts are mainly used for**

- A Long term investing only
- B Everyday spending and bill payments
- C Borrowing large sums
- D Paying income tax only

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10 **Insurance works by pooling risk Many people pay premiums so that losses of a few can be**

A Ignored

B Taxed twice

C Passed to one person

D Covered

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ANSWER KEY

1. A
2. D
3. C
4. A
5. B
6. D
7. C
8. A
9. B
10. D

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