ARKANSAS 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 wants exceed**

- A Limited resources
- B Unlimited resources
- C Free goods
- D Government spending

Understand It with Pulse | Flag a mistake

2 **A Little Rock student gives up a shift paying 50 dollars to study for a test. What does the student give up by choosing to study?**



A The cost of the textbook

B The 50 dollars in wages given up

C The price of the test

D Every choice ever made

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

- A Resources left idle
- B Full use of resources
- C An output that cannot be reached with current resources
- D Falling prices

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4 **When the price of rice rises and nothing else changes, the quantity demanded will**

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

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5 **When the price of cotton rises and nothing else changes, the quantity supplied by Arkansas cotton growers will**

A Fall

B Rise

C Stay the same

D Disappear

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6 **Incomes in Fayetteville rise What happens to demand for restaurant meals, a normal good**



A It rises

B It falls

C It stays flat

D It ends

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7 **If the price of beef rises, demand for chicken, a substitute, will**

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

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8 **If the price of cars falls, demand for gasoline, a complement, will**

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

Understand It with Pulse | Flag a mistake

9 **Cheaper fertilizer lowers the cost of growing soybeans in Arkansas What happens to the supply of soybeans**

- A It increases
- B It decreases
- C It stays the same
- D It ends

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10 **At a price of 8 dollars, quantity demanded is 200 and quantity supplied is 140 How large is the shortage, in units**

- A 40
- B 60
- C 340
- D 140

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11 **At a price of 12 dollars, quantity demanded is 90 and quantity supplied is 130 How large is the surplus, in units**

A 220

B 90

C 130

D 40

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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 No change

C A shortage of rentals

D Higher supply

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13 **Price is 20 dollars and quantity sold is 30 What is total revenue, in dollars**

- A 50
- B 600
- C 300
- D 900

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14 **Price rises by 10 percent and quantity demanded falls by 5 percent Demand is**

- A Elastic
- B Unit elastic
- C Perfectly elastic
- D Inelastic

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15 **Total cost is 500 dollars at 20 units and 560 dollars at 21 units What is the marginal cost of the 21st unit, in dollars**

A 60

B 500

C 560

D 1060

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16 **A Jonesboro bakery has revenue of 1500 dollars and total cost of 1100 dollars What is its profit, in dollars**



A 2600

B 1100

C 400

D 1500

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17 **A firm has fixed cost of 200 dollars and variable cost of 300 dollars What is its total cost, in dollars**

- A 100
- B 60000
- C 300
- D 500

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

- A A negative externality
- B A private cost
- C A public good
- D A price floor

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19 **Which of these is closest to a public good**

A A sandwich

B A streetlight

C A hotel room

D A haircut

Understand It with Pulse | Flag a mistake

20 **Only one company sells electricity in a small Arkansas town and entry is blocked This market is**

A Perfect competition

B Monopolistic competition

C Monopoly

D Oligopoly

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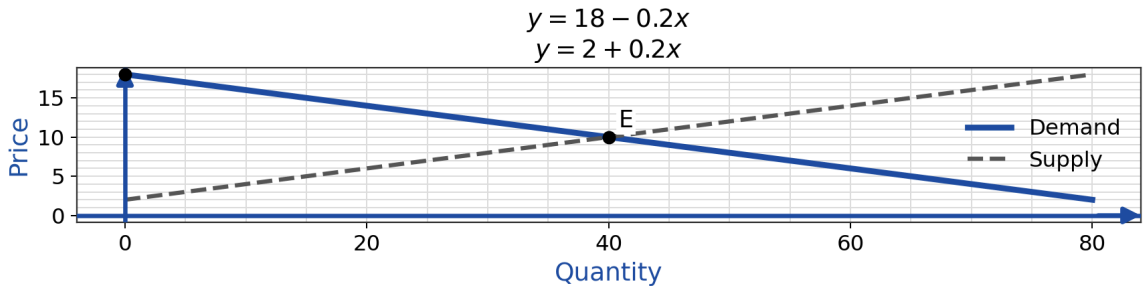
21 **The graph shows supply and demand for rice in Arkansas The equilibrium price, in dollars, is**



A 6

B 8

C 12

D 10

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22 **A monthly budget lists income, planned spending, and planned saving Its main purpose is to**

- A Control spending and reach a saving goal
- B Guarantee higher wages
- C Remove all taxes
- D End all borrowing

Understand It with Pulse | Flag a mistake

23 **A student saves 20 dollars each week for 10 weeks How much is saved, in dollars**

- A 30
- B 120
- C 200
- D 210

Understand It with Pulse | Flag a mistake

24 **Paying only the minimum on a credit card balance mainly leads to**



A Less interest paid over time

B More interest paid over time

C A higher credit score at once

D No interest at all

Understand It with Pulse | Flag a mistake

25 **A credit score is mainly used by lenders to judge**

A How old a borrower is

B Where a borrower lives

C How many jobs a borrower has held

D How likely a borrower is to repay

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ANSWER KEY

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

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