ARKANSAS 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 **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 **Gross domestic product measures the total market value of final goods and services produced in a country in a given**

- A Period
- B City
- C Firm
- D Household

Understand It with Pulse | Flag a mistake

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

Understand It with Pulse | Flag a mistake

4 **A worker who loses a job when a factory closes in a recession is an example of**

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

Understand It with Pulse | Flag a mistake

5 **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

Understand It with Pulse | Flag a mistake

6 **A worker whose skills no longer match available jobs after technology changes is an example of**

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

Understand It with Pulse | Flag a mistake

7 **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

Understand It with Pulse | Flag a mistake

8 **Inflation is a general rise in**

- A The price level
- B Unemployment
- C Exports
- D Interest rates only

Understand It with Pulse | Flag a mistake

9 **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

10 **If prices rise 4 percent in a year, money saved in a drawer with no interest will buy**

A More than before

B The same amount

C Less than before

D Nothing

Understand It with Pulse | Flag a mistake

11 **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

Understand It with Pulse | Flag a mistake

12 **The business cycle includes expansion, peak, contraction, and**

A Trough

B Inflation

C Stagflation

D Surplus

Understand It with Pulse | Flag a mistake

13 **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

Understand It with Pulse | Flag a mistake

14 **Fiscal policy uses government spending and**

A Interest rates set by banks

B Exchange rates

C Stock prices

D Taxes

Understand It with Pulse | Flag a mistake

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

A 50

B 600

C 300

D 900

Understand It with Pulse | Flag a mistake

16 **A budget deficit occurs when government spending is**

A Less than tax revenue

B Greater than tax revenue

C Equal to tax revenue

D Zero

Understand It with Pulse | Flag a mistake

17 **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

Understand It with Pulse | Flag a mistake

18 **Monetary policy in the United States is mainly carried out by the**

- A United States Senate
- B Supreme Court
- C Arkansas General Assembly
- D Federal Reserve

Understand It with Pulse | Flag a mistake

19 **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

Understand It with Pulse | Flag a mistake

20 **Higher interest rates generally make borrowing**

- A Less expensive
- B Free
- C More expensive
- D Unchanged

Understand It with Pulse | Flag a mistake

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

A Perfect competition

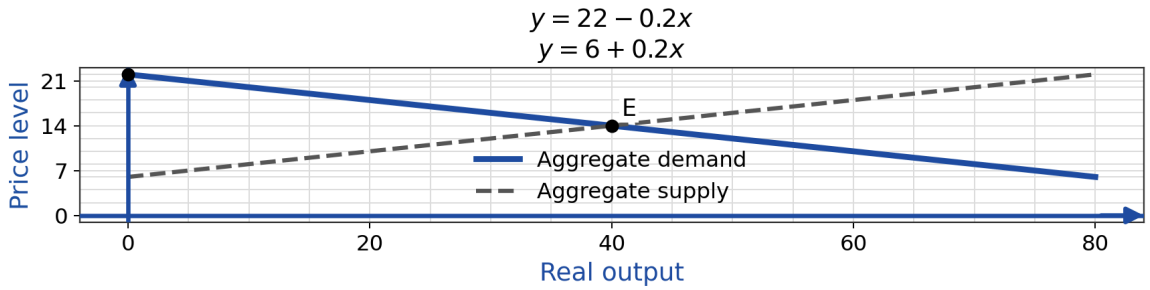
B Monopolistic competition

C Monopoly

D Oligopoly

Understand It with Pulse | Flag a mistake

22 **The graph shows aggregate demand and short run aggregate supply**
The equilibrium price level is



A 10

B 12

C 16

D 14

Understand It with Pulse | Flag a mistake

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

- A A sandwich
- B A streetlight
- C A hotel room
- D A haircut

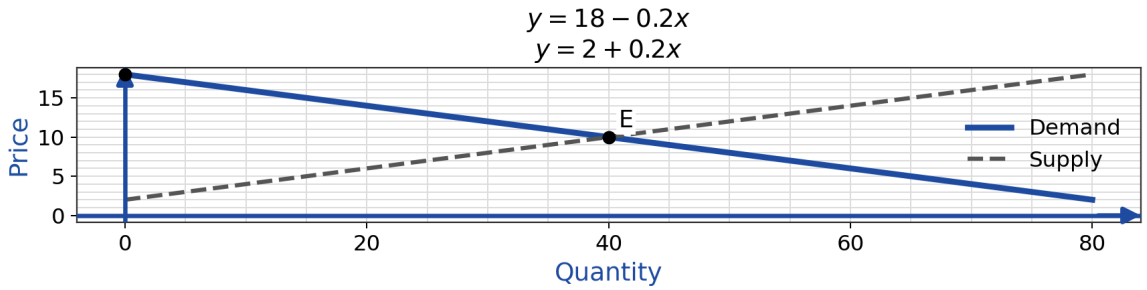
Understand It with Pulse | Flag a mistake

24 **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

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



A 6

B 8

C 12

D 10

Understand It with Pulse | Flag a mistake

26 **A tariff is a tax on**

A Exports only

B Savings

C Property

D Imports

Understand It with Pulse | Flag a mistake

27 **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

28 **A worker pays income tax through withholding from each paycheck At tax time, if too much was withheld, the worker receives a**

A Tax refund

B Tax penalty

C Tax loan

D Tax credit card

Understand It with Pulse | Flag a mistake

29 **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

30 **A fixed rate mortgage keeps the interest rate the same for the life of the loan An adjustable rate mortgage may**

A Never change

B Change over time

C Charge no interest

D End after one year

Understand It with Pulse | Flag a mistake

31 **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

Understand It with Pulse | Flag a mistake

32 **Diversifying investments across many assets mainly reduces**

A Return to zero

B Taxes to zero

C Inflation

D Risk

Understand It with Pulse | Flag a mistake

33 **If the price of soybeans falls, demand for fertilizer, a related input, will most likely**

A Rise

B Fall

C Stay the same

D End

Understand It with Pulse | Flag a mistake

34 **If nominal GDP rises only because prices rose, real GDP will most likely**

A Rise by the same amount

B Stay about the same

C Fall to zero

D Double

Understand It with Pulse | Flag a mistake

35 **A minimum wage set above the equilibrium wage most likely creates**

A A shortage of workers

B No change

C Equilibrium

D A surplus of workers

Understand It with Pulse | Flag a mistake

36 **Demand pull inflation happens when total demand grows faster than**

A Total imports

B Total taxes

C Total savings

D Total supply

Understand It with Pulse | Flag a mistake

37 **A price floor for milk set above the equilibrium price most likely creates**

A A shortage

B A surplus

C No change

D Lower supply

Understand It with Pulse | Flag a mistake

38 **Cost push inflation happens when the costs of production**

A Fall

B Rise

C Stay the same

D Disappear

Understand It with Pulse | Flag a mistake

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

A Price takers

B Independent

C Identical

D Interdependent

Understand It with Pulse | Flag a mistake

40 **Contractionary fiscal policy to fight inflation would most likely**

- A Raise spending and cut taxes
- B End all taxes
- C Double spending
- D Cut spending or raise taxes

Understand It with Pulse | Flag a mistake

41 **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

42 **The national debt is the total of past budget**

A Surpluses only

B Tax refunds

C Deficits minus surpluses

D State debts

Understand It with Pulse | Flag a mistake

43 **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

Understand It with Pulse | Flag a mistake

44 **A stronger dollar makes United States exports**

- A Cheaper for foreign buyers
- B More expensive for foreign buyers
- C Free for foreign buyers
- D Unchanged for foreign buyers

Understand It with Pulse | Flag a mistake

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

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

Understand It with Pulse | Flag a mistake

46 **A payday loan with very high fees is risky mainly because the borrower may**

A Gain a higher credit score at once

B Pay no fees

C Fall into a cycle of debt

D Build savings at once

Understand It with Pulse | Flag a mistake

47 **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

Understand It with Pulse | Flag a mistake

48 **A person compares the annual percentage rate when choosing a loan The annual percentage rate shows the**

A Yearly cost of borrowing

B Monthly income needed

C Length of the loan only

D Credit score needed

Understand It with Pulse | Flag a mistake

49 **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

Understand It with Pulse | Flag a mistake

50 **Inflation indexed savings help savers because their returns rise with**

A Unemployment

B Imports

C Tax rates

D Prices

Understand It with Pulse | Flag a mistake

ANSWER KEY

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

© 2026 Brett Robbins. All Rights Reserved.