CALIFORNIA ECONOMICS · UNIT 1

Microeconomics and Market Systems — Practice Test

California 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 **When demand is elastic and price rises, total revenue will**

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

Understand It with Pulse | Flag a mistake

2 **Which cost does not change when a firm changes its output in the short run?**

- A Rent on a workshop
- B Raw materials
- C Packaging
- D Hourly wages

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3 **Which cost rises when a firm produces more output?**

- A Variable cost
- B Fixed cost
- C Sunk cost
- D License fee

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4 **A firm aiming to maximize profit should keep producing until**

- A Total revenue is zero
- B Price equals fixed cost
- C Marginal revenue equals marginal cost
- D Average cost is highest

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5 **In perfect competition, there are many sellers of an identical product and each seller is a**

- A Regulator
- B Price maker
- C Monopolist
- D Price taker

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6 **In monopolistic competition, many sellers offer products that are**

A Identical

B Free

C Differentiated

D Banned

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7 **An oligopoly is a market with**

A One seller

B Many small sellers

C No sellers

D A few large sellers

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8 **A minimum wage set above the equilibrium wage tends to create a surplus of**

- A land
- B labor
- C goods
- D capital

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9 **A drought in California reduces the supply of almonds. The likely effect on the almond price is**

- A It stays the same
- B It falls
- C It rises
- D It ends

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10 **If price is 12 and quantity sold is 45, what is total revenue?**

ANSWER _____

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ANSWER KEY

1. D
2. A
3. A
4. C
5. D
6. C
7. D
8. B
9. C
10. 540

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