CALIFORNIA ECONOMICS · UNIT 1 · 25 QUESTIONS

Microeconomics and Market Systems — 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**

A Wants exceed limited resources

B Money has no value

C Resources exceed all wants

D All goods are free

Understand It with Pulse | Flag a mistake

2 **A Sacramento student gives up a shift paying 45 to study for a test. What does the student give up by choosing to study?**



A Every choice ever made

B The 45 in wages given up

C The cost of the textbook

D The price of the test

Understand It with Pulse | Flag a mistake

3 **On a production possibilities curve a point inside the curve shows**

- A Falling prices
- B An impossible output
- C Resources left idle
- D Full use of resources

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4 **When the price of bottled water in Los Angeles rises and nothing else changes, the quantity demanded will**

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

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

A Stay the same

B Rise

C Disappear

D Fall

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6 **Incomes in San Diego rise. What happens to demand for new cars, a normal good?**



A It falls

B It ends

C It stays flat

D It rises

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

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

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

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

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9 **Cheaper solar panels lower the cost of installing home solar systems in Fresno What happens to the supply of solar installations?**



A It increases

B It stays the same

C It ends

D It decreases

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10 **At a price of 8, quantity demanded is 170 and quantity supplied is 130 How large is the shortage, in units?**

ANSWER

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11 **At a price of 16, quantity demanded is 90 and quantity supplied is 125 How large is the surplus, in units?**

ANSWER

Understand It with Pulse | Flag a mistake

12 **A city sets a rent ceiling below the equilibrium rent. The likely result is**



A A surplus of rentals

B Higher supply

C No change

D A shortage of rentals

Understand It with Pulse | Flag a mistake

13 **A price floor for milk is set above the equilibrium price. The likely result is**

A Lower supply

B A surplus

C A shortage

D No change

Understand It with Pulse | Flag a mistake

14 **If price is 20 and quantity sold is 30, what is total revenue?**

ANSWER _____

Understand It with Pulse | Flag a mistake

15 **Price rises by 4 percent and quantity demanded falls by 12 percent What is the price elasticity of demand?**

ANSWER _____

Understand It with Pulse | Flag a mistake

16 **Total cost is 820 at 20 units and 875 at 21 units What is the marginal cost of the 21st unit?**

ANSWER _____

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17 **A San Francisco food truck has revenue of 1500 and total cost of 950 What is its profit?**

ANSWER _____

Understand It with Pulse | Flag a mistake

18 **A bakery has total cost of 1200 and bakes 40 loaves. What is average total cost?**



ANSWER

Understand It with Pulse | Flag a mistake

19 **The law of diminishing marginal utility says each extra unit gives**

A More added satisfaction than the last

B No satisfaction at all

C The same total satisfaction

D Less added satisfaction than the last

Understand It with Pulse | Flag a mistake

20 **A visitor would pay 80 for a Yosemite tour but pays 55 The 25 difference is called**

A Deadweight loss

B Fixed cost

C Producer surplus

D Consumer surplus

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21 **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 price floor

D A public good

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

A A haircut

B A sandwich

C A streetlight

D A hotel room

Understand It with Pulse | Flag a mistake

23 **Only one company sells water service in a small desert town and entry is blocked. This market is**

A Perfect competition

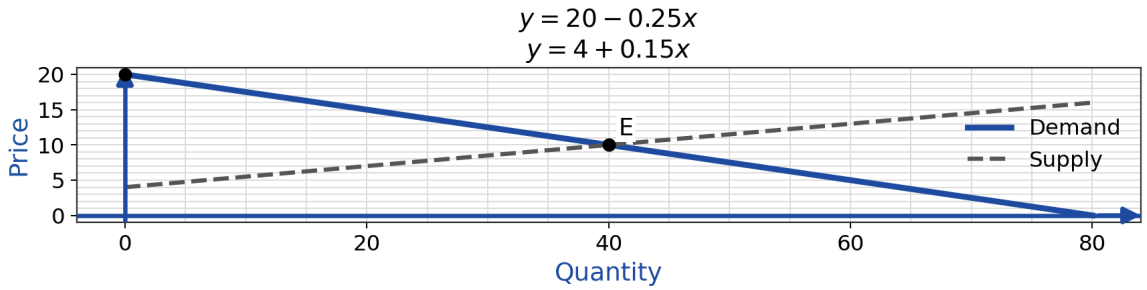
B Oligopoly

C Monopoly

D Monopolistic competition

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24 **The graph shows supply and demand for oranges in California. The equilibrium price is**



A 10

B 12

C 8

D 6

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25 **If the wage for lifeguards rises, the quantity of labor supplied, all else equal, will**

A Stay the same

B End

C Fall

D Rise

Understand It with Pulse | Flag a mistake

ANSWER KEY

1. A
2. B
3. C
4. B
5. B
6. D
7. A
8. D
9. A
10. 40
11. 35
12. D
13. B
14. 600
15. 3
16. 55
17. 550
18. 30
19. D
20. D
21. A
22. C
23. C
24. A
25. D

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