CALIFORNIA 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 **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

Understand It with Pulse | Flag a mistake

2 **Gross domestic product measures the market value of**

- A All used goods sold in a year
- B All final goods and services produced in a country
- C Only government spending
- D Only goods exported abroad

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

Understand It with Pulse | Flag a mistake

4 **A family buying groceries for its own use counts in GDP as**

- A Government spending
- B Consumption
- C Investment
- D Net exports

Understand It with Pulse | Flag a mistake

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

Understand It with Pulse | Flag a mistake

6 **Consumption is 700, investment is 250, government spending is 350 and net exports are -40. What is GDP?**

ANSWER _____

Understand It with Pulse | Flag a mistake

7 **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

Understand It with Pulse | Flag a mistake

8 **Total output is 3000 and population is 150. What is output per person?**

ANSWER _____

Understand It with Pulse | Flag a mistake

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

A Identical

B Free

C Differentiated

D Banned

Understand It with Pulse | Flag a mistake

10 **A worker whose skills no longer match available jobs faces**

A Cyclical unemployment

B Frictional unemployment

C Seasonal unemployment

D Structural unemployment

Understand It with Pulse | Flag a mistake

11 **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

Understand It with Pulse | Flag a mistake

12 **An increase in consumer spending will shift aggregate demand**

- A Down
- B Left
- C Right
- D Not at all

Understand It with Pulse | Flag a mistake

13 **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

14 **A basket of goods cost 120 in the base year and 150 this year What is the consumer price index this year?**

ANSWER _____

Understand It with Pulse | Flag a mistake

15 **A Sacramento student gives up a shift paying 45 to study for a test The opportunity cost of studying that evening is**

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

16 **The nominal interest rate is 8 percent and inflation is 5 percent What is the real interest rate, in percent?**

ANSWER _____

Understand It with Pulse | Flag a mistake

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

ANSWER _____

Understand It with Pulse | Flag a mistake

18 **During a recession, real GDP and employment generally**

A Both rise

B Move in opposite ways

C Both fall

D Stay the same

Understand It with Pulse | Flag a mistake

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

ANSWER _____

Understand It with Pulse | Flag a mistake

20 **A sharp rise in oil prices raises production costs. Short run aggregate supply shifts**

A Not at all

B Right

C Up

D Left

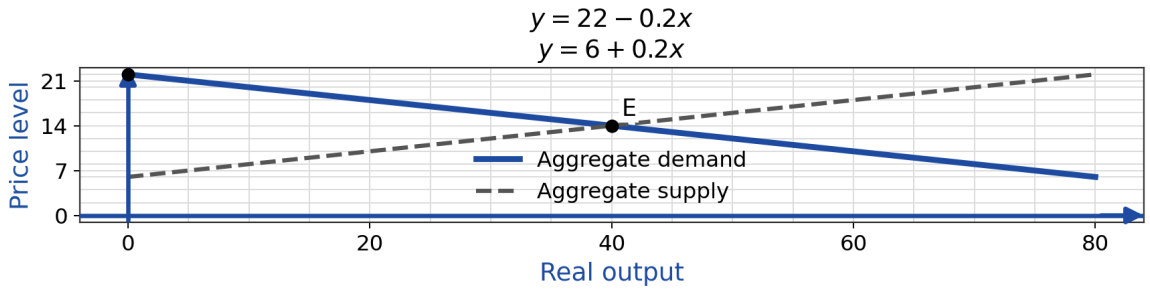
Understand It with Pulse | Flag a mistake

21 **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

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



A 12

B 14

C 10

D 16

Understand It with Pulse | Flag a mistake

23 **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

Understand It with Pulse | Flag a mistake

24 **The marginal propensity to consume is 0.75 What is the spending multiplier?**

ANSWER _____

Understand It with Pulse | Flag a mistake

25 **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

Understand It with Pulse | Flag a mistake

26 **When the central bank raises interest rates, borrowing and spending usually**

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

Understand It with Pulse | Flag a mistake

27 **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

28 **The government raises spending on roads to fight a recession This is an example of**

A Monetary policy

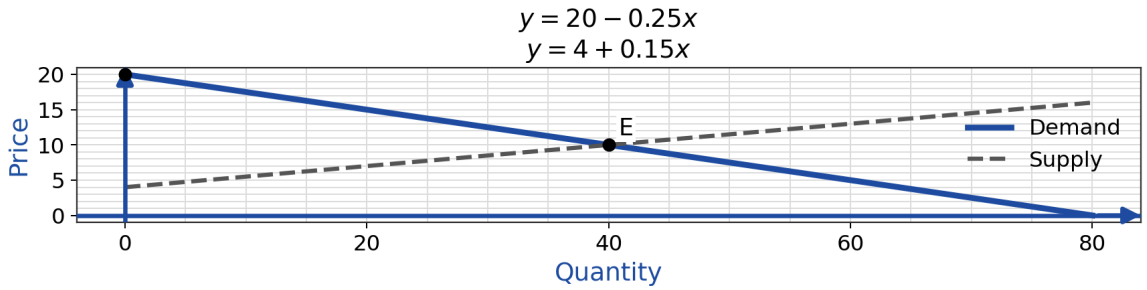
B Trade policy

C Expansionary fiscal policy

D Contractionary fiscal policy

Understand It with Pulse | Flag a mistake

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



A 10

B 12

C 8

D 6

Understand It with Pulse | Flag a mistake

30 **A country exports more than it imports. It has a trade**

- A Balance
- B Deficit
- C Embargo
- D Surplus

Understand It with Pulse | Flag a mistake

31 **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

32 **Unemployment insurance payments rise automatically in a recession They are an example of**

- A An automatic stabilizer
- B A tariff
- C A price control
- D Discretionary spending

Understand It with Pulse | Flag a mistake

33 **Moving resources from making cars to making trucks means giving up some cars. This is an example of a**

- A Tradeoff
- B Price floor
- C Public good
- D Surplus

Understand It with Pulse | Flag a mistake

34 **Money serves as a medium of exchange when it is used to**

A Buy goods and services

B Pay interest

C Save for later

D Measure value

Understand It with Pulse | Flag a mistake

35 **For an inferior good, when incomes rise, demand**

A Rises

B Falls

C Stays the same

D Ends

Understand It with Pulse | Flag a mistake

36 **A discouraged worker who has stopped looking for a job is counted in the official unemployment figures as**

A Unemployed

B Not in the labor force

C Frictionally unemployed

D Employed part time

Understand It with Pulse | Flag a mistake

37 **Demand for a necessity with few substitutes changes little when its price changes. Its demand is**

A Unitary

B Perfect

C Elastic

D Inelastic

Understand It with Pulse | Flag a mistake

38 **Rising prices together with falling output is called**

A Expansion

B Deflation

C Appreciation

D Stagflation

Understand It with Pulse | Flag a mistake

39 **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

Understand It with Pulse | Flag a mistake

40 **Setting interest rates by a central bank is an example of**

A Monetary policy

B Price control

C Fiscal policy

D Trade policy

Understand It with Pulse | Flag a mistake

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

A Variable cost

B Fixed cost

C Sunk cost

D License fee

Understand It with Pulse | Flag a mistake

42 **To fight inflation, a government using contractionary fiscal policy would most likely**

- A Raise the money supply
- B Lower interest rates
- C Cut taxes and raise spending
- D Raise taxes and cut spending

Understand It with Pulse | Flag a mistake

43 **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

Understand It with Pulse | Flag a mistake

44 **A country should specialize in the good it can produce at the lowest opportunity cost. This is called**

- A Autarky
- B Comparative advantage
- C Protectionism
- D Absolute advantage

Understand It with Pulse | Flag a mistake

45 **An oligopoly is a market with**

- A One seller
- B Many small sellers
- C No sellers
- D A few large sellers

Understand It with Pulse | Flag a mistake

46 **A quota limits the**

A Quantity of imports

B Number of banks

C Price of exports

D Size of the labor force

Understand It with Pulse | Flag a mistake

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

A land

B labor

C goods

D capital

Understand It with Pulse | Flag a mistake

48 **If the dollar strengthens, American exports become more expensive abroad. The likely effect on exports is**

- A They stay the same
- B They fall
- C They end
- D They rise

Understand It with Pulse | Flag a mistake

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

ANSWER _____

Understand It with Pulse | Flag a mistake

50 **The marginal propensity to consume is 0.9 What is the spending multiplier?**

ANSWER _____

Understand It with Pulse | Flag a mistake

ANSWER KEY

1.	C	**18.**	C	**35.**	B
2.	B	**19.**	55	**36.**	B
3.	C	**20.**	D	**37.**	D
4.	B	**21.**	550	**38.**	D
5.	B	**22.**	B	**39.**	A
6.	1260	**23.**	B	**40.**	A
7.	C	**24.**	4	**41.**	A
8.	20	**25.**	A	**42.**	D
9.	C	**26.**	D	**43.**	D
10.	D	**27.**	C	**44.**	B
11.	C	**28.**	C	**45.**	D
12.	C	**29.**	A	**46.**	A
13.	35	**30.**	D	**47.**	B
14.	125	**31.**	D	**48.**	B
15.	B	**32.**	A	**49.**	540
16.	3	**33.**	A	**50.**	10
17.	600	**34.**	A		

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