IOWA ECONOMICS · UNIT 1 · 5 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 **If the price of coffee rises and people buy more tea, the cross elasticity of demand between coffee and tea is**

- A Negative
- B Positive
- C Zero
- D Equal to one

Understand It with Pulse | Flag a mistake

2 **If income rises and demand for a good falls, the good is**

- A An inferior good
- B A normal good
- C A luxury good
- D A substitute good

Understand It with Pulse | Flag a mistake

3 **A single blank red paper price tag with a white string lies flat on a plain white surface, no text, no numbers. When demand is inelastic, a rise in price will cause total revenue to**



A Fall

B Stay the same

C Become zero

D Rise

Understand It with Pulse | Flag a mistake

4 **A firm has fixed costs of 100 and variable costs of 250. What is its total cost?**

ANSWER _____

Understand It with Pulse | Flag a mistake

5 **A firm has total cost of 600 and produces 30 units. What is its average total cost?**

ANSWER _____

Understand It with Pulse | Flag a mistake

ANSWER KEY

1. B
2. A
3. D
4. 350
5. 20

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