VIRGINIA ECONOMICS · UNIT 1

Microeconomics — Practice Test

Virginia Economics • 25 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 the price of a good rises and all else stays the same, what happens to the quantity demanded?**

- A It rises
- B It falls
- C It stays the same
- D It becomes zero

Understand It with Pulse | Flag a mistake

2 **When the price of a good rises and all else stays the same, what happens to the quantity supplied?**

- A It falls
- B It stays the same
- C It rises
- D It becomes zero

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3 **If the price of butter rises, what happens to the demand for margarine, a substitute for butter?**

- A It falls
- B It rises
- C It stays the same
- D It becomes zero

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4 **If the price of printers falls, what happens to the demand for printer ink, a complement to printers?**

- A It falls
- B It stays the same
- C It becomes zero
- D It rises

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5 **If household incomes rise, what happens to the demand for a normal good?**

- A It rises
- B It falls
- C It stays the same
- D It becomes zero

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6 **At a price of 8, quantity demanded is 80 units and quantity supplied is 50 units. How large is the shortage, in units?**

ANSWER _____

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7 **A price ceiling is set below the equilibrium price. What market outcome is most likely?**

A. A surplus

B. A shortage

C. No change

D. Equilibrium

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8 **A price floor is set above the equilibrium price. What market outcome is most likely?**

- A A shortage
- B No change
- C A surplus
- D Equilibrium

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9 **If price is 12 and quantity sold is 25, what is total revenue?**

ANSWER _____

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10 **The price of a good rises from 20 to 22, a 10 percent increase. Quantity demanded falls from 100 to 80, a 20 percent decrease. What is the price elasticity of demand?**

ANSWER _____

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11 **Total cost is 200 when output is 10 units and 260 when output is 11 units. What is the marginal cost of the 11th unit?**

ANSWER _____

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12 **A firm has total revenue of 500 and total cost of 350. What is its profit?**

ANSWER _____

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13 **A student must choose between studying and working a shift. The opportunity cost of studying is**

A The cost of textbooks

B The value of the shift given up

C The cost of tuition

D The value of all other options

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14 **On a production possibilities curve, what does a point outside the curve represent?**

- A An efficient outcome
- B An inefficient outcome
- C An outcome with idle resources
- D An unattainable outcome

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15 **Which market structure has many firms selling an identical product?**

- A Perfect competition
- B Monopoly
- C Oligopoly
- D Monopsony

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16 **Which market structure has a single seller protected by barriers to entry?**

A Perfect competition

B Monopoly

C Monopolistic competition

D Oligopoly

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17 **A factory pollutes a river. The pollution is a negative externality because**

A Private cost exceeds social cost

B Private benefit exceeds social benefit

C Social cost exceeds private cost

D Social benefit exceeds private benefit

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18 **Which of the following is a public good?**

A National defense

B A sandwich

C A haircut

D A movie ticket

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19 **What does the law of diminishing marginal utility state?**

A Each extra unit gives more satisfaction than the last

B Each extra unit gives less additional satisfaction than the last

C Total utility always falls

D Marginal utility is always zero

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20 **A change in consumer income causes what kind of change in the demand curve?**

- A A movement along the curve
- B A shift of the curve
- C A change in slope only
- D No change at all

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21 **A worker can make 4 pizzas or 8 salads in one hour. What is the opportunity cost of one pizza, in salads?**

ANSWER _____

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22 **A buyer is willing to pay 30 for a book but pays only 20. What is the best name for the 10 difference?**

- A Producer surplus
- B Consumer surplus
- C Deadweight loss
- D Marginal cost

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23 **A new technology lowers the cost of producing bicycles. What happens to bicycle supply?**

- A It decreases
- B It stays the same
- C It increases
- D It becomes zero

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24 **If the wage for a job rises, what happens to the quantity of labor supplied, all else equal?**

A It falls

B It stays the same

C It rises

D It becomes zero

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25 **A business owner gives up a salary of 40000 to run her own shop. That forgone salary is an example of**

A An explicit cost

B A fixed cost

C An implicit cost

D A sunk cost

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ANSWER KEY

1.	B	**10.**	2	**19.**	B
2.	C	**11.**	60	**20.**	B
3.	B	**12.**	150	**21.**	2
4.	D	**13.**	B	**22.**	B
5.	A	**14.**	D	**23.**	C
6.	30	**15.**	A	**24.**	C
7.	B	**16.**	B	**25.**	C
8.	C	**17.**	C		
9.	300	**18.**	A		

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