Basic Microeconomics (BAC 117) Unit Test

Name: _____   Date: _____

1. To think like an economist helps us _____.

a. to be a better decision maker.

b. learns weight benefits and cost.

c. expert in negotiating.

d. excellent in communicating ideas.

2. The idea that we have unlimited wants and needs but limited resources.

a. opportunity cost

b. absolute advantage

c. scarcity

d. demand

3. "The first lesson of economics is scarcity. The first lesson of politics is to disregard the first lesson of economics" said by _____.

a. Frederic Bastiat

b. Thomas Sowell

c. Abraham Wald

d. Adam Smith

4. Scarcity exists because

a. human wants exceed the productive capacity of the economy

b. supplies of land and other natural resources are unlimited

c. physical capital does not depreciate

d. innovation causes unemployment

5. Capitalism leads to more _____.

a. free market

b. economic growth

c. business

d. jobs

6. It is the maximum possible output of the good that can be produced with available resources, given the output of the alternative good over a period.

a. globalization

b. production possibilities curve

c. production efficiency

d. entrepreneurship

7. It is the situation where the production possibilities curve has two combinations of produced goods.

a. scarcity

b. opportunity cost

c. production efficiency

d. constant opportunity cost

8. It states that opportunity cost of each additional unit of output of a good over a period increases as more of that good is produces.

a. Principle of comparative advantage

b. Law of increasing opportunity cost

c. Cost and Benefit

d. Constant opportunity cost

9. I can produce 10 cakes which sold at a price of 100 per piece and 20 pies which sold at a price of 50 per piece in one day. What are my opportunity costs?

a. 1 cake cost 2 pies and 1 pie cost ½ cake

b. 1 cake cost 1 pie and 1 pie cost ¾ cake

c. 1 cake cost ½ pie and 1 pie cost ¼ cake

d. 1 cake cost 2 pies and 1 pie cost ¾ cake

10. What is my absolute advantage base on item number 9?

a. pie

b. cake

c. 2 pies

d. ¾ cakes

11. What are the value of marginal utility of 1ˢᵗ, 2ⁿᵈ, 3ʳᵈ, and 4th as you watch the movies FROZEN and MOANA?

# Times you Watch the Movie	Total Utility FROZEN	Marginal Utility FROZEN	Price 4 pesos	Total Utility MOANA	Marginal Utility MOANA	Price 4 pesos
1ˢᵀ	80			50		
2ᴺᴰ	110			80		
3ᴿᴰ	126			95		
4th	132			100		

a. FROZEN – 80, 190, 236, 258

MOANA – 50, 130, 175, 195

b. FROZEN – 80, 220, 378, 528

MOANA – 50, 160, 285, 400

c. FROZEN – 79, 108, 123, 128

MOANA – 49, 78, 92, 96

d. FROZEN – 80, 30, 16, 6

MOANA – 50, 30, 15, 5

12. Base on the data in item # 11, what are the MU/P values in watching FROZEN AND MOANA if the price for each movie is 4 pesos?

a. FROZEN – 20, 7.5, 4, 1.5

MOANA – 12.5, 7.5, 3.75, 1.25

b. FROZEN – 10, 3.5, 2, 0.5

MOANA – 12, 7, 3, 1

c. FROZEN – 10.5, 7.5, 4. 1

MOANA – 12, 7, 3, 1

d. FROZEN – 12.5, 7.5, 4, 1.5

MOANA – 12.5, 7.5, 3.75, 1.35

13. How many times should I watch the movies FROZEN and MOANA considering that I have only 8 pesos in my pocket to watch the said movies?

a. 2 times for FROZEN and 2 times for MOANA

b. 1 time for FROZEN and 1 time for MOANA

c. 2 times for FROZEN and 1 time for MOANA

d. 1 time for FROZEN and 2 times for MOANA

14. How much total utility you can get?

a. 300

b. 320

c. 330

d. 310

15. Marginal utility is equivalent to _____?

a. Utils

b. Satisfaction

c. Additional Satisfaction

d. More Satisfaction