UNIVERSITY OF CENTRAL FLORIDA (UCF) ECO2023 PRINCIPLES OF MICROECONOMICS FINAL PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://ucf-eco2023-final.examzify.com

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 16

SAMPLE

Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

SAMPLE

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

SAMPLE

Questions

SAMPLE

1. **If Australia produces surfboards and must forego 25 boomerangs for each surfboard produced, while New Zealand must forego 15 boomerangs for each surfboard produced, what can be concluded?**

   A. Australia has a comparative advantage in boomerangs.

   B. New Zealand has a comparative advantage in boomerangs.

   C. Both countries can produce the goods equally.

   D. Nobody has an advantage in producing either good.

2. **Which of the following statements about price elasticity is incorrect?**

   A. It is greater for necessities than luxuries.

   B. It is less than one for inelastic demand.

   C. It can vary at different points along a demand curve.

   D. It is affected by the availability of substitutes.

3. **Which effect demonstrates how quantity demanded changes with a change in the price of a good due to its alternatives?**

   A. Income effect

   B. Substitution effect

   C. Market effect

   D. Demand effect

4. **Which of the following statements is true about price elastic demand?**

   A. The price elasticity is greater than one.

   B. The price elasticity is less than one.

   C. The quantity demanded does not respond to price changes.

   D. The demand curve is vertical.

5. **In an economic model, what changes affect the quantity of a good that can be produced?**

   A. Only price changes

   B. Price and non-price determinants

   C. Only non-price determinants

   D. Government regulations only

SAMPLE

6. A firm's total variable costs depend on which of the following?

A. Only the amount of output produced

B. The production techniques used and prices of variable inputs

C. Only the firm's production techniques

D. The fixed costs associated with the production

7. If a tax is imposed upon a good that is produced and traded in a perfectly competitive market, then:

A. Producers benefit from the tax revenue generated

B. Consumers will always bear the full burden of the tax

C. Both buyers and sellers are worse off

D. The market will reach a new equilibrium without any effects

8. When income is allocated over goods in the context of maximizing utility, what concept do consumers rely on?

A. Opportunity cost

B. Marginal utility per dollar spent

C. Total utility

D. Marginal cost

9. If a country has a comparative advantage in the production of a good over another country, this means that it has the ability to produce the good:

A. Using more resources than the other country.

B. At a higher opportunity cost than the other country.

C. At a lower opportunity cost than the other country.

D. With less labor input compared to the other country.

10. How many total demand elasticities can be calculated for two goods that are substitutes and normal goods?

A. 2

B. 4

C. 6

D. 8

SAMPLE

Answers

SAMPLE

1. A
2. A
3. B
4. A
5. B
6. B
7. C
8. B
9. C
10. C

SAMPLE

Explanations

SAMPLE

1. If Australia produces surfboards and must forego 25 boomerangs for each surfboard produced, while New Zealand must forego 15 boomerangs for each surfboard produced, what can be concluded?

A. Australia has a comparative advantage in boomerangs.

B. New Zealand has a comparative advantage in boomerangs.

C. Both countries can produce the goods equally.

D. Nobody has an advantage in producing either good.

The conclusion that Australia has a comparative advantage in boomerangs hinges on the concept of opportunity cost, which is central to comparative advantage analysis. Comparative advantage occurs when a country can produce a good at a lower opportunity cost than another country. In this scenario, Australia sacrifices 25 boomerangs to produce one surfboard, while New Zealand sacrifices only 15 boomerangs for the same surfboard. This means that New Zealand has a lower opportunity cost for producing surfboards compared to Australia. Therefore, New Zealand would have a comparative advantage in surfboard production since it gives up fewer boomerangs per surfboard manufactured. By contrast, this implies that Australia has a higher opportunity cost for surfboard production. In other words, Australia gives up more boomerangs for each surfboard, which makes it more efficient for Australia to focus on producing boomerangs, as its opportunity cost for boomerangs is lower relative to its cost for surfboards. Thus, the correct conclusion is that Australia possesses a comparative advantage in boomerangs due to the higher opportunity cost associated with surfboard production relative to New Zealand. This insight illustrates the benefits of specialization and trade based on comparative advantages, which can enable both countries to increase overall production and consumption of goods.

2. Which of the following statements about price elasticity is incorrect?

A. It is greater for necessities than luxuries.

B. It is less than one for inelastic demand.

C. It can vary at different points along a demand curve.

D. It is affected by the availability of substitutes.

The statement that price elasticity is greater for necessities than luxuries is incorrect. In general, the price elasticity of demand tends to be lower for necessities compared to luxuries. This is because necessities are essential goods that consumers will purchase even if the price increases, leading to less sensitivity to price changes—the hallmark of inelastic demand. Conversely, luxuries are not essential, and consumers can forgo purchasing them when prices rise, resulting in higher elasticity and greater sensitivity to price fluctuations. The other statements reflect accurate concepts about price elasticity. The idea that price elasticity is less than one for inelastic demand captures the definition accurately, as inelastic demand leads to proportionately smaller changes in quantity demanded relative to price changes. The assertion that price elasticity can vary at different points along a demand curve is also true, as the elasticity of demand can change depending on the price level and quantity. Lastly, the fact that the availability of substitutes affects elasticity is a well-established principle; when close substitutes are available, consumers are more likely to change their purchasing behavior in response to price changes, leading to higher elasticity.

SAMPLE

3. Which effect demonstrates how quantity demanded changes with a change in the price of a good due to its alternatives?

A. Income effect

B. Substitution effect

C. Market effect

D. Demand effect

The substitution effect illustrates how the quantity demanded of a good changes in response to variations in its price due to the availability of substitute goods. When the price of one product rises, consumers are likely to seek alternatives that are relatively less expensive, thereby increasing the demand for those substitutes. Conversely, if the price of a good decreases, it may attract more buyers, leading to a rise in the quantity demanded for that particular good as it becomes more attractive compared to its alternatives. This concept highlights the behavior of consumers as they adjust their purchasing decisions based on price changes relative to other available options in the market. The income effect, on the other hand, relates to how changes in a consumer's purchasing power influence their overall demand for goods, but it does not specifically capture the choice between substitutes. The market effect and demand effect are less commonly referenced terms in microeconomics literature, and they don't precisely reflect the notion of demand shifts caused by relative price changes among alternatives. Thus, the substitution effect most accurately characterizes the phenomenon in question.

4. Which of the following statements is true about price elastic demand?

A. The price elasticity is greater than one.

B. The price elasticity is less than one.

C. The quantity demanded does not respond to price changes.

D. The demand curve is vertical.

The statement that price elasticity is greater than one accurately describes price elastic demand. When demand is price elastic, it means that consumers are highly responsive to changes in price. Specifically, a price elasticity greater than one indicates that a percentage change in price results in a larger percentage change in the quantity demanded. For instance, if the price of a good increases by 10% and the quantity demanded decreases by 15%, the price elasticity of demand would be calculated as 15% divided by 10%, which equals 1.5, confirming it is price elastic. In contrast, price inelastic demand would have an elasticity value of less than one, indicating that quantity demanded is relatively unresponsive to price changes. Moreover, the notion that quantity demanded does not respond to price changes, as referenced in one of the options, characterizes perfectly inelastic demand, which is different from elastic demand. Finally, a vertical demand curve represents perfectly inelastic demand, where quantity demanded remains constant regardless of price changes, further distinguishing it from price elastic demand.

SAMPLE

5. In an economic model, what changes affect the quantity of a good that can be produced?

A. Only price changes

B. Price and non-price determinants

C. Only non-price determinants

D. Government regulations only

The correct answer is based on a comprehensive understanding of how various factors influence the production of goods within an economic model. The quantity of a good that can be produced is affected by both price changes and non-price determinants. Price changes can impact production levels because they influence producers' willingness to supply goods. For instance, if the price of a good increases, producers might be more inclined to produce more of it, anticipating higher profit potential. Conversely, if the price decreases, the incentive to produce may be lessened, leading to a decrease in quantity supplied. Non-price determinants also play a crucial role in affecting production levels. These can include factors such as technological advancements, input costs, the number of sellers in the market, and changes in government regulations or subsidies. For instance, improvements in technology can lead to more efficient production processes, allowing more of a good to be produced at the same cost and potentially increasing the overall supply. Therefore, the interaction between price changes and various non-price determinants creates a comprehensive understanding of how the quantity of goods produced can be influenced in an economic model. This holistic view is essential for analyzing market behaviors and producers' decisions.

6. A firm's total variable costs depend on which of the following?

A. Only the amount of output produced

B. The production techniques used and prices of variable inputs

C. Only the firm's production techniques

D. The fixed costs associated with the production

Total variable costs are directly influenced by the production techniques employed by a firm and the prices of the variable inputs used in the production process. Variable costs are expenses that change in direct proportion to the level of output, such as raw materials, labor, and energy costs, which can vary based on how much of the product is being produced. The production techniques play a crucial role because different methods can utilize variable inputs to varying degrees of efficiency or cost-effectiveness. For example, using advanced machinery might lower variable costs by reducing labor hours needed to produce each unit. Additionally, the prices of variable inputs—like the cost of raw materials or hourly wages—immediately affect total variable costs; an increase in input prices raises overall costs, while a decrease lowers them. In contrast, options that focus solely on the amount of output or the firm's production techniques without considering the prices of inputs would provide an incomplete understanding of variable costs. Fixed costs are also not relevant here, as they remain constant regardless of output level and do not affect total variable costs. Therefore, the comprehensive view that includes both production techniques and input prices substantiates why the correct choice is affirmatively linked to variable costs.

SAMPLE

7. If a tax is imposed upon a good that is produced and traded in a perfectly competitive market, then:

A. Producers benefit from the tax revenue generated

B. Consumers will always bear the full burden of the tax

C. Both buyers and sellers are worse off

D. The market will reach a new equilibrium without any effects

In a perfectly competitive market, when a tax is imposed on a good, the entire market structure is affected. The burden of the tax, which is the amount that consumers pay in higher prices and the amount that producers receive less due to the tax, leads to a decrease in overall welfare. Consumers will be faced with higher prices as the suppliers pass on some of the tax burden, while producers will receive lower prices for their goods after the tax is taken into account. This situation typically results in a decrease in the quantity of the good traded in the market, leading to a loss of efficiency and a deadweight loss. Additionally, the overall consumption and production decrease, meaning both buyers and sellers end up worse off compared to the equilibrium situation without the tax. This diminished trade volume represents a reduction in total surplus in the market, which aligns with the economic principle that taxes can create distortions in a competitive market. In contrast to the options suggesting benefits or unchanged equilibrium, the reality of the situation shows the negative implications for both consumers and producers, thereby validating that both groups are indeed worse off after the imposition of the tax.

8. When income is allocated over goods in the context of maximizing utility, what concept do consumers rely on?

A. Opportunity cost

B. Marginal utility per dollar spent

C. Total utility

D. Marginal cost

Consumers rely on the concept of marginal utility per dollar spent to maximize their utility when allocating income over various goods. This principle states that consumers aim to achieve the highest level of satisfaction or utility by comparing the additional satisfaction (marginal utility) they receive from each good relative to its cost. By calculating the marginal utility per dollar spent on each good, consumers can determine how to distribute their budget in a way that maximizes total utility. For example, if good A provides more satisfaction per dollar than good B, a rational consumer would allocate more of their budget to good A to enhance their overall utility. This process ensures that the last dollar spent on each good yields the same level of utility, leading to an optimal consumption bundle. The other concepts do not directly address the allocation of income in the utility maximization context. Opportunity cost refers to the next best alternative foregone when making a choice, total utility measures the overall satisfaction received from consumption, and marginal cost relates to the cost of producing an additional unit of a good, which are not directly used for decision-making in consumer spending behavior.

SAMPLE

9. If a country has a comparative advantage in the production of a good over another country, this means that it has the ability to produce the good:

A. Using more resources than the other country.

B. At a higher opportunity cost than the other country.

C. At a lower opportunity cost than the other country.

D. With less labor input compared to the other country.

When a country has a comparative advantage in the production of a good, it signifies that the country can produce that good at a lower opportunity cost compared to another country. Opportunity cost refers to the value of the next best alternative that must be forgone when making a decision to produce one good over another. By having a lower opportunity cost, the country is able to allocate its resources in a way that maximizes productivity and efficiency. This means that when it chooses to produce a particular good, it sacrifices less of other goods compared to another country that does not have such an advantage. This principle underlies the benefits of trade between countries, as each country can specialize in producing goods for which it holds a comparative advantage, leading to greater overall efficiency and higher total output. In contrast, producing a good using more resources or at a higher opportunity cost would not indicate a comparative advantage, as it would imply less efficient use of resources. Similarly, labor input considerations do not directly relate to the concept of comparative advantage unless they impact the opportunity costs in a meaningful way. Thus, the emphasis on lower opportunity cost is foundational to understanding why certain countries specialize in the production of particular goods.

10. How many total demand elasticities can be calculated for two goods that are substitutes and normal goods?

A. 2

B. 4

C. 6

D. 8

*To understand the total demand elasticities for two goods that are substitutes and normal goods, it's important to consider the different types of elasticities that can be computed. Elasticity measures how responsive the quantity demanded of one good is to changes in price or income. For two goods, we can derive several elasticities: 1. **Own Price Elasticity of Demand**: For each good, we can calculate the own price elasticity, which measures how the quantity demanded of that specific good changes in response to a change in its own price. This contributes two own price elasticities. 2. **Cross Price Elasticity of Demand**: Since the goods are substitutes, we can also compute the cross price elasticity for each good. The cross price elasticity measures how the quantity demanded of one good changes in response to a change in the price of the other good. This contributes another two cross price elasticities. 3. **Income Elasticity of Demand**: As normal goods, each good will have its own income elasticity, which measures how the quantity demanded changes in response to changes in consumer income. This adds two income elasticities. Summing these up: - 2 Own Price Elasticities (one for each good) - 2 Cross Price Elasticities (one*

SAMPLE

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://ucf-eco2023-final.examzify.com

We wish you the very best on your exam journey. You've got this!

SAMPLE