

AP Microeconomics Practice Test Questions and Answers

1. What is the law of demand?

- A) As price increases, quantity demanded increases
- B) As price increases, quantity demanded decreases
- C) Price and quantity demanded are unrelated
- D) Demand is always constant

2. What characterizes a perfectly competitive market?

- A) Few sellers and differentiated products
- B) Many sellers, identical products, and easy entry/exit
- C) Single seller dominates the market
- D) Government controls all pricing

3. What is marginal utility?

- A) Total satisfaction from consuming all units
- B) Additional satisfaction gained from consuming one more unit
- C) Average satisfaction per unit consumed
- D) Minimum satisfaction required

4. When does a firm achieve productive efficiency?

- A) When marginal revenue equals marginal cost
- B) When production occurs at the lowest point of average total cost
- C) When profits are maximized
- D) When market share is highest

Answers: 1-B 2-B 3-B 4-B

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