
AP Macroeconomics

Name: _____ Score: _____

1. Scarcity exists because:

- ☐ people are greedy
- ☐ wants are unlimited but resources are limited
- ☐ prices are too high
- ☐ governments print too little money

2. The opportunity cost of a choice is:

- ☐ the money you spend
- ☐ the value of the single best alternative given up
- ☐ always zero
- ☐ everything you could have done

3. A country has a comparative advantage in a good when it has:

- ☐ the lower opportunity cost of making it
- ☐ more workers than its rival
- ☐ more natural resources
- ☐ the higher price

4. The law of demand says a higher price leads to a:

- ☐ higher quantity demanded
- ☐ lower quantity demanded
- ☐ no change
- ☐ higher supply

5. The law of supply says a higher price leads to a:

- ☐ lower demand
- ☐ higher quantity supplied
- ☐ lower quantity supplied
- ☐ no change

6. When the price is below equilibrium, excess demand creates a _____.

7. Select **all** four factors of production.

- ☐ labour
- ☐ land
- ☐ entrepreneurship
- ☐ capital

Tick every correct option.

8. Moving from A (60 consumer, 10 capital) to B (50 consumer, 25 capital), what is the opportunity cost of ONE capital good, in consumer goods?

9. Country A makes 12 wheat OR 6 cloth in a day. What is the opportunity cost of ONE cloth, in wheat?

_____ wheat

10. A change in the good's own price causes a movement along the demand curve, not a shift.

- ☐ True ☐ False

AP Macroeconomics

1. wants are unlimited but resources are limited

Scarcity is the gap between unlimited wants and limited resources.

2. the value of the single best alternative given up

It is the next-best alternative sacrificed – measured in what you give up, not just money.

3. the lower opportunity cost of making it

Comparative advantage is about opportunity cost, not raw output.

4. lower quantity demanded

Price and quantity demanded move in opposite directions – the curve slopes down.

5. higher quantity supplied

A higher price makes producing more profitable, so quantity supplied rises.

6. shortage

A shortage makes buyers bid the price up toward equilibrium.

7. labour; land; entrepreneurship; capital

Land, labour, capital and entrepreneurship are the four factors.

8. 0.67

Give up 10 consumer to gain 15 capital, so each capital good costs $10/15 \approx 0.67$ consumer goods.

9. 2 wheat

Giving up 12 wheat frees enough to make 6 cloth, so each cloth costs $12/6 = 2$ wheat.

10. True

Own price → movement along; TRIBE determinants → shift.