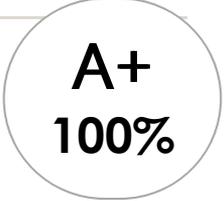


16 Multiple choice questions



A+
100%

1. when a decrease in the price of a good or service causes a decrease in quantity supplied
 - a. law of supply
 - b. expansion of supply
 - c. contraction of demand
 - d. **CORRECT: contraction of supply**

2. a limit on the price charged for a good or service
 - a. **CORRECT: ceiling price**
 - b. ceteris paribus
 - c. floor price
 - d. equilibrium

3. a market for any input into the production process, including land, labour, capital and enterprise
 - a. **CORRECT: factor market**
 - b. law of supply
 - c. floor price
 - d. law of demand

4. the intersection of the demand and supply curves
 - a. externality
 - b. **CORRECT: market equilibrium**
 - c. equilibrium
 - d. ceteris paribus

5. a minimum price that can be paid for a good or service
 - a. ceiling price
 - b. factor market
 - c. equilibrium
 - d. **CORRECT: floor price**

6. the economy's ability to allocate resources to satisfy consumer wants
 - a. law of supply
 - b. contraction of demand
 - c. **CORRECT: allocative efficiency**
 - d. floor price

7. an assumption used in economics to isolate the relationship between two economic variables; meaning 'other things being equal'
 - a. externality
 - b. ceiling price
 - c. equilibrium
 - d. **CORRECT: ceteris paribus**

8. a law that states that as prices rise, suppliers will be willing to supply larger quantities of a commodity
 - a. law of demand
 - b. expansion of supply
 - c. contraction of supply
 - d. **CORRECT: law of supply**

9. when an increase in the price of a good or service causes an increase in quantity supplied
 - a. **CORRECT: expansion of supply**
 - b. law of supply
 - c. expansion of demand
 - d. contraction of supply

10. a law that states that as prices rise, consumers will be willing to purchase smaller quantities of a commodity
 - a. **CORRECT: law of demand**
 - b. law of supply
 - c. contraction of demand
 - d. expansion of demand

11. when a decrease in the price of a good or service causes a increase in quantity demanded
 - a. contraction of demand
 - b. **CORRECT:** expansion of demand
 - c. expansion of supply
 - d. law of demand

12. when an increase in the price of a good or service causes a decrease in quantity demanded
 - a. law of demand
 - b. **CORRECT:** contraction of demand
 - c. expansion of demand
 - d. contraction of supply

13. the way in which an economy's income is spread among the members of different social and socio-economic groups
 - a. **CORRECT:** income distribution
 - b. ceteris paribus
 - c. equilibrium
 - d. floor price

14. an effect associated with the production or consumption of a good or service which results in a benefit or cost on other producers or consumers
 - a. inventory
 - b. **CORRECT:** externality
 - c. floor price
 - d. equilibrium

15. when any consumer who is willing to pay the market price for a good or service is satisfied, and any producer who offers their goods or services at the market price is able to sell their produce; when the quantity demanded equals
 - a. ceiling price
 - b. externality
 - c. market equilibrium
 - d. **CORRECT:** equilibrium

16. the total stock of goods and services held by a firm at a particular point in time, which is intended for sale to consumers
- a. equilibrium
 - b. floor price
 - c. **CORRECT:** inventory
 - d. externality