1. GDP is:

A) A dollar measure of output produced during a given time period.

B) The sum of the physical amounts of goods and services in the economy.

C) A measure of the per capita economic growth rate of the economy.

D) A physical measure of the capital stock of the economy.

2. If prices double in an economy and the quantity of output remains constant from one year to the next, then:

A) Real GDP is the same in the second year as in the first.

B) GDP is four times larger in the second year than in the first.

C) On average, the population should be twice as well off in the second year as in the first.

D) GDP per capita will definitely increase.

3. Which of the following is NOT an example of investment, as economists use the term?

A) The $10,000 worth of stock that you hold as part of your retirement plan.

B) New computers purchased by a private college for the president's office.

C) Automated robotics in an automobile manufacturing facility.

4. The government has an impact on the question of HOW to produce when it:

A) Limits environmental pollution.

B) Forbids the use of child labor.

C) Sets a minimum wage.

D) All of the above

5. A market is said to be in equilibrium when:

A) The quantity demanded equals the quantity supplied.

B) Demand is fully satisfied at all alternative prices.

C) The buying intentions of all consumers are realized.

D) The supply intentions of all sellers are realized.

6. Which of the following does not cause a shift of the demand curve itself?

A) The price of the good itself.

B) Income.

C) Taste.

D) The availability and price of other goods.

7. Ceteris paribus, a rightward shift of the demand curve causes the equilibrium price to ______ and the equilibrium quantity to _______.

A) Increase; decrease

B) Decrease; increase

C) Decrease; decrease

D) Increase; increase

8. A movement along the supply curve is referred to as:

A) An increase in supply.

B) A change in the quantity supplied.

C) A change in the quantity demanded.

D) A decrease in supply.

9. Which of the following will cause an decrease in demand for automobiles, ceteris paribus?

A) An increase in gasoline prices.

B) An increase in the price of automobiles.

C) A decrease in gasoline prices.

D) Consumer expectation that the price of automobiles will be higher next year.

10. Which of the following would NOT cause the market's supply of telephones to increase?

A) A reduction in the demand for telephones causes their prices to fall.

B) Telecommunications are deregulated, and anyone who wants can produce and sell telephones.

C) A new and cheaper technology for producing plastics is developed.

D) Taxes levied on telephone production are reduced.