Answersheet:
Economics

1. The primary difference between nominal GDP and real GDP is that real GDP is adjusted for inflation, while nominal GDP is not. This means that real GDP provides a more accurate reflection of an economy's size and how it's growing over time by accounting for changes in price levels. The correct answer is b.

2. Opportunity cost is best described as the value of the next best alternative that is forgone when a choice is made. It represents the benefits that could have been received by taking an alternative action. The correct answer is b.

3. When a price ceiling is set below the equilibrium price, a shortage of the good or service will occur. This is because the lower price increases the quantity demanded but decreases the quantity supplied, leading to a situation where demand exceeds supply. The correct answer is b.

4. A characteristic of a perfectly competitive market is that there are many buyers and sellers. In such a market, no single buyer or seller can influence the market price, and products are typically homogeneous. The correct answer is d.

5. The primary function of the Federal Reserve in the United States is to control the money supply and interest rates. This is done to achieve macroeconomic objectives such as controlling inflation, managing employment levels, and stabilizing the financial system. The correct answer is b.