Economics

1. What is the primary difference between nominal GDP and real GDP?

a) Nominal GDP is adjusted for inflation, while real GDP is not.
b) Real GDP is adjusted for inflation, while nominal GDP is not.
c) Nominal GDP includes only goods and services produced domestically, while real GDP includes international production.
d) Real GDP includes only goods and services produced domestically, while nominal GDP includes international production.

2. Which of the following best describes the concept of opportunity cost?

a) The total amount of money spent on a particular choice.
b) The value of the next best alternative that is forgone when a choice is made.
c) The amount of time spent on making a decision.
d) The difference between the chosen option and the next best alternative.

3. In the context of supply and demand, what happens when a price ceiling is set below the equilibrium price?

a) A surplus of the good or service will occur.
b) A shortage of the good or service will occur.
c) The quantity supplied will exceed the quantity demanded.
d) The market will reach a new equilibrium at the price ceiling.

4. Which of the following is a characteristic of a perfectly competitive market?

a) Firms are price makers.
b) There are significant barriers to entry.
c) Products are differentiated.
d) There are many buyers and sellers.

5. What is the primary function of the Federal Reserve in the United States?

a) To regulate the stock market.
b) To control the money supply and interest rates.
c) To set tax rates.
d) To provide loans to individuals.