Quizlet

NAME ____________________

16 Multiple choice questions

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. contraction of supply

2. a limit on the price charged for a good or service
   a. 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. 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. 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. floor price

6. the economy's ability to allocate resources to satisfy consumer wants
   a. law of supply
   b. contraction of demand
   c. 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. 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. law of supply

9. when an increase in the price of a good or service causes an increase in quantity supplied
   a. 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. 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. 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. 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. 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. 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. 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. inventory
    d. externality