Multiple Choice (10 points each)

1. A market in which final goods and services are exchanged is a:
   A) Public-goods market.
   B) Product market.
   C) Factor market.
   D) Labor market.

2. A buyer is said to have a demand for a good only when:
   A) The buyer wants to own the good.
   B) The buyer is both willing and able to purchase the good at alternative prices.
   C) The price of the good is low enough.
   D) An adequate supply of the good is available for purchase.

3. The term opportunity costs refers to the:
   A) Value of all the options given up when a good or service is produced.
   B) Financial costs of all the factors of production used to produce a good or service.
   C) Amount of resources used to produce a good or service.
   D) Value of the best option given up when a good or service is produced.

4. According to the law of demand, the quantity of a good demanded in a given time period:
   A) Increases as its price rises, ceteris paribus.
   B) Decreases as its price falls, ceteris paribus.
   C) Increases as its price falls, ceteris paribus.
   D) Does not change when price changes.

5. An increase in the price of one good can cause a decrease in the demand for another good if the goods are:
   A) Substitutes.
   B) Complements.
   C) Unrelated to each other.
   D) Both inferior.

6. Ceteris paribus means
   A) Holding everything else constant.
   B) Allowing the free market to decide, not government.
   C) Changing prices to see how demand (or supply) shifts.
   D) Holding prices constant to see how each determinant of demand changes the quantity demanded.

7. A shift in demand is defined as a change in the:
   A) Price.
   B) Quantity demanded because of a change in price.
   C) Quantity demanded at any given price.
   D) Equilibrium quantity.
8. A change in demand means there has been a shift in the demand curve, and a change in the quantity demanded:
   A) Corresponds to a movement along the demand curve.
   B) Means a shortage or surplus will result from holding prices constant.
   C) Results from a change in price of other goods.
   D) Also means demand has shifted.

9. Which of the following is a determinant of supply?
   A) Suppliers' tastes for the good they produced.
   B) Consumers' income.
   C) Consumers' desire for the good.
   D) Available technology.

10. A market is said to be in equilibrium when:
    A) Demand is fully satisfied at all alternative prices.
    B) The buying intentions of all consumers are realized.
    C) The supply intentions of all sellers are realized.
    D) The quantity demanded equals the quantity supplied.

11. A market shortage is:
    A) The amount by which the quantity demanded exceeds the quantity supplied at a given price.
    B) A situation of excess demand.
    C) A situation in which people cannot buy all of the goods they are willing and able to buy at the actual market price.
    D) All of the above.