



Harvard Precollegiate Economics Challenge

Sample Multiple Choice Questions

1. What would happen to the equilibrium price and quantity of Coke if the price of Pepsi falls?
 - a. Price will fall and quantity will fall
 - b. Price will rise and quantity will fall
 - c. Price will fall and quantity will rise
 - d. Price will rise and quantity will rise

2. Which of the following is NOT an example of an externality?
 - a. Jim gets a raise and buys a car
 - b. Mary smokes on a crowded street, and some of passersby detest the smell of tobacco
 - c. Noise from a theater keeps its neighbors from falling asleep
 - d. John's neighbors derive happiness from seeing his beautiful garden

3. Which of the following is an example of a Veblen good?
 - a. Small compact car
 - b. Medium-size SUVs
 - c. Luxury limousines
 - d. Bicycles

4. If the GDP deflator is 200, and nominal GDP is \$16 Billion, what is real GDP, assuming that the GDP deflator in the base year was 100?
 - a. \$8 Billion
 - b. \$10 Billion
 - c. \$15 Billion
 - d. \$20 Billion

Answers: 1. A; 2. A; 3. C; 4. A