**Chapter 1 What is Economics?**

Top of Form

|  |  |  |
| --- | --- | --- |
|   | 1.  | The fundamental economic problem is \_\_\_\_\_\_\_\_\_\_\_\_ .  |
|   |   |  | A) opportunity cost  |
|   |   |  | B) scarcity  |
|   |   |  | C) tinstaafl  |
|   |   |  | D) entrepreneurship  |
|  |  |  |  |  |
|   | 2.  | The three basic economic questions everyone must answer are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) WHEN to produce, WHAT to produce, WHERE to produce  |
|   |   |  | B) HOW much money to make, HOW to produce, WHERE to sell  |
|   |   |  | C) WHAT to produce, HOW to produce, FOR WHOM to produce  |
|   |   |  | D) HOW to produce, HOW MUCH to produce, WHERE to sell  |
|  |  |  |  |  |
|   | 3.  | The economic concept of \_\_\_\_\_\_\_\_\_\_ is the sum of those economic products that are tangible, scarce, useful, and transferable from one person to another.  |
|   |   |  | A) value  |
|   |   |  | B) utility  |
|   |   |  | C) scarcity  |
|   |   |  | D) wealth  |
|  |  |  |  |  |
|   | 4.  | The \_\_\_\_\_\_\_\_\_\_, a location or other mechanism that allows buyers and sellers to exchange a certain economic product, is the key feature of the circular flow of economic activity.  |
|   |   |  | A) tradeoff  |
|   |   |  | B) market  |
|   |   |  | C) producer  |
|   |   |  | D) economy  |

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**Chapter 2 Economic Systems and Decision Making**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | In a \_\_\_\_\_\_\_\_\_\_\_\_ economy, a central authority makes most of the WHAT, HOW, and FOR WHOM decisions.  |
|   |   |  | A) traditional  |
|   |   |  | B) command  |
|   |   |  | C) market  |
|   |   |  | D) free market  |
|  |  |  |  |  |
|   | 2.  | One advantage of a \_\_\_\_\_\_\_\_\_\_\_ economy is that it gradually adjusts to change over time.  |
|   |   |  | A) traditional  |
|   |   |  | B) command  |
|   |   |  | C) market  |
|   |   |  | D) socialist  |
|  |  |  |  |  |
|   | 3.  | The main drawback of the traditional economy is that it \_\_\_\_\_\_\_\_\_\_\_\_ .  |
|   |   |  | A) has a great deal of uncertainty  |
|   |   |  | B) fails to answer the WHAT, HOW, and for WHOM questions  |
|   |   |  | C) requires a large government bureaucracy  |
|   |   |  | D) tends to discourage new ideas and ways of doing things  |
|  |  |  |  |  |
|   | 4.  | When government seeks to protect Americans from adverse economic events such as layoffs and illnesses, it is trying to achieve the economic goal of \_\_\_\_\_\_\_\_ .  |
|   |   |  | A) full employment  |
|   |   |  | B) economic security  |
|   |   |  | C) economic growth  |
|   |   |  | D) economic equity  |

**Chapter 3 Business Organizations**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | The most common form of business organization in the United States is the \_\_\_\_\_\_\_\_\_\_, a business owned and run by one person.  |
|   |   |  | A) corporation  |
|   |   |  | B) partnership  |
|   |   |  | C) franchise  |
|   |   |  | D) sole proprietorship  |
|  |  |  |  |  |
|   | 2.  | A \_\_\_\_\_\_\_\_\_\_ is a business jointly owned by two or more persons. This is the least numerous form of business organization, accounting for the smallest proportion of sales and net income.  |
|   |   |  | A) corporation  |
|   |   |  | B) partnership  |
|   |   |  | C) multinational  |
|   |   |  | D) proprietorship  |
|  |  |  |  |  |
|   | 3.  | A \_\_\_\_\_\_\_\_\_\_ is a form of business organization recognized by law as a separate legal entity having all the rights of an individual. It has the right to buy and sell property, enter into legal contracts, and sue and be sued.  |
|   |   |  | A) proprietorship  |
|   |   |  | B) partnership  |
|   |   |  | C) corporation  |
|   |   |  | D) conglomerate  |
|  |  |  |  |  |
|   | 4.  | A business can expand by engaging in a \_\_\_\_\_\_\_\_\_\_ , a combination of two or more businesses to form a single firm  |
|   |   |  | A) merger  |
|   |   |  | B) proprietorship  |
|   |   |  | C) partnership  |
|   |   |  | D) dissolution  |
|  |  |  |  |  |

**Chapter 4 Demand**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | Demand is best described as \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) wants but not needs  |
|   |   |  | B) the desire, willingness, and ability to buy a product  |
|   |   |  | C) a measure of the pleasure or satisfaction one gets from consuming a good or service  |
|   |   |  | D) expenditures by business on plants and equipment  |
|  |  |  |  |  |
|   | 2.  | According to the Law of Demand, when the price of a good is lowered, demand \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) increases  |
|   |   |  | B) decreases  |
|   |   |  | C) stays the same  |
|   |   |  | D) fluctuates  |
|  |  |  |  |  |
|   | 3.  | A change in quantity demanded is \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) the amount consumers would buy if prices increased  |
|   |   |  | B) a change in the quantity of a product purchased in response to a change in price  |
|   |   |  | C) a table recording the number of units of a good or service demanded  |
|   |   |  | D) the desire to purchase a certain number of units of a good or service at a given price  |
|  |  |  |  |  |
|   | 4.  | A change in demand means that \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) manufacturers can increase production by hiring more workers  |
|   |   |  | B) prices remain constant for a long period of time  |
|   |   |  | C) consumers are willing to buy different amounts of a product at the same prices  |
|   |   |  | D) increasing the quality of a product will lead to more sales  |

**Chapter 5 Supply**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | The amount of a product that would be offered for sale at all possible prices that could prevail in the market is called \_\_\_\_\_\_\_\_\_\_. .  |
|   |   |  | A) supply  |
|   |   |  | B) demand  |
|   |   |  | C) scarcity  |
|   |   |  | D) market product  |
|  |  |  |  |  |
|   | 2.  | From the quantities offered at various prices by all firms, you can derive \_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) the demand supply curve  |
|   |   |  | B) the market supply curve  |
|   |   |  | C) the individual demand curve  |
|   |   |  | D) the individual supply curve  |
|  |  |  |  |  |
|   | 3.  | The \_\_\_\_\_\_\_\_\_\_schedule is a listing that shows the various quantities of a particular product supplied at all possible prices in the market.  |
|   |   |  | A) product quantity  |
|   |   |  | B) demand  |
|   |   |  | C) supply  |
|   |   |  | D) scarcity  |
|  |  |  |  |  |
|   | 4.  | For a decrease in supply to occur, less would be offered for sale at each and every price, and the supply curve would \_\_\_\_\_\_\_\_\_\_. .  |
|   |   |  | A) shift downward  |
|   |   |  | B) remain the same  |
|   |   |  | C) shift to the left  |
|   |   |  | D) shift to the right  |

**Chapter 6 Prices and Decision Making**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | High prices are signals for producers to produce \_\_\_\_\_\_\_\_\_\_and for buyers to buy \_\_\_\_\_\_\_\_\_\_. .  |
|   |   |  | A) more; the same amount  |
|   |   |  | B) the same amount; less  |
|   |   |  | C) less; more  |
|   |   |  | D) more; less  |
|  |  |  |  |  |
|   | 2.  | Problems regarding fairness, high administrative costs, and diminished incentives to work and produce can be the result of \_\_\_\_\_\_\_\_\_\_. .  |
|   |   |  | A) nonprice allocation systems  |
|   |   |  | B) price allocation systems  |
|   |   |  | C) supply  |
|   |   |  | D) demand  |
|  |  |  |  |  |
|   | 3.  | Advantages of using \_\_\_\_\_\_\_\_\_\_to allocate goods and services include freedom of choice, no administrative costs, neutrality, flexibility, and efficiency.  |
|   |   |  | A) tariffs  |
|   |   |  | B) prices  |
|   |   |  | C) rationing  |
|   |   |  | D) marginal product  |
|  |  |  |  |  |
|   | 4.  | Economist often use a(n) \_\_\_\_\_\_\_\_\_\_, a set of assumptions and/or relationships that can be listed in a table, illustrated with a graph, or even stated algebraically, to help analyze behavior and predict outcomes.  |
|   |   |  | A) cost-benefit analysis  |
|   |   |  | B) economic model  |
|   |   |  | C) decision making grid  |
|   |   |  | D) variable proportion model  |

**Chapter 7 Market Structures**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | A(n) \_\_\_\_\_\_\_\_\_\_may start a price war in order to get a larger share of the market.  |
|   |   |  | A) perfect competitor  |
|   |   |  | B) oligopolist  |
|   |   |  | C) monopolist  |
|   |   |  | D) economist  |
|  |  |  |  |  |
|   | 2.  | A monopoly based on ownership or control of a manufacturing method is a \_\_\_\_\_\_\_ monopoly.  |
|   |   |  | A) natural  |
|   |   |  | B) geographic  |
|   |   |  | C) technological  |
|   |   |  | D) government  |
|  |  |  |  |  |
|   | 3.  | The theoretically ideal situation of \_\_\_\_\_\_\_\_\_\_is characterized by a large number of well-informed independent buyers and sellers who exchange identical products.  |
|   |   |  | A) oligopoly  |
|   |   |  | B) monopoly  |
|   |   |  | C) perfect competition  |
|   |   |  | D) monopolistic competition  |
|  |  |  |  |  |
|   | 4.  | The market structure that has all the conditions of perfect competition except for identical products is \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) oligopoly  |
|   |   |  | B) monopolistic competition  |
|   |   |  | C) monopoly  |
|   |   |  | D) perfect competition  |

**Chapter 8 Employment, Labor, and Wages**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | The study of labor is part of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the branch of economics that deals with the economy as a whole, including employment, GDP, inflation, economic growth, and the distribution of income.  |
|   |   |  | A) macroeconomics  |
|   |   |  | B) microeconomics  |
|   |   |  | C) fiscal policy  |
|   |   |  | D) labor economics  |
|  |  |  |  |  |
|   | 2.  | A law making it illegal to force workers to join a union as a condition for employment was a provision of \_\_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) the Wagner Act  |
|   |   |  | B) the Clayton Act  |
|   |   |  | C) the Taft-Hartley Act  |
|   |   |  | D) the NLRA  |
|  |  |  |  |  |
|   | 3.  | The National Labor Relations Act established \_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) right-to-work laws  |
|   |   |  | B) the right to have nonunion shops  |
|   |   |  | C) the right of unions to collective bargaining  |
|   |   |  | D) the minimum wage act  |
|  |  |  |  |  |
|   | 4.  | The \_\_\_\_\_\_\_\_\_\_\_\_ is a situation in which the employer agrees to hire only union members.  |
|   |   |  | A) union shop  |
|   |   |  | B) closed shop  |
|   |   |  | C) agency shop  |
|   |   |  | D) trade shop  |

**Chapter 9 Sources of Government Revenue**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | The 1991 luxury tax taxed expensive goods. The resulting higher prices drove customers away, and unemployment soared in some of these industries because the demand for luxury goods was \_\_\_\_\_\_\_\_\_\_ .  |
|   |   |  | A) unit elastic  |
|   |   |  | B) inelastic  |
|   |   |  | C) elastic  |
|   |   |  | D) cross elastic  |
|  |  |  |  |  |
|   | 2.  | The tax on people's earnings, the \_\_\_\_\_\_\_\_\_\_ tax, is a prime example of a complex tax.  |
|   |   |  | A) corporate  |
|   |   |  | B) usage  |
|   |   |  | C) sales  |
|   |   |  | D) individual income  |
|  |  |  |  |  |
|   | 3.  | The gasoline tax is based on the \_\_\_\_\_\_\_\_\_\_ principle of taxation, the principle that those who benefit from government goods and services should pay in proportion to the amount of benefits received.  |
|   |   |  | A) graduated  |
|   |   |  | B) wage  |
|   |   |  | C) ability-to-pay  |
|   |   |  | D) benefit  |
|  |  |  |  |  |
|   | 4.  | The individual income tax is based on the \_\_\_\_\_\_\_\_\_\_ principle of taxation.  |
|   |   |  | A) wage  |
|   |   |  | B) ability-to-pay  |
|   |   |  | C) benefit  |
|   |   |  | D) proportional  |

**Chapter 10 Government Spending**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | In 1999, the per capita expenditure by federal, state, and local governments amounted to almost \_\_\_\_\_\_\_\_\_\_ for every man, woman, and child in the United States.  |
|   |   |  | A) $5,000  |
|   |   |  | B) $10,000  |
|   |   |  | C) $15,000  |
|   |   |  | D) $20,000  |
|  |  |  |  |  |
|   | 2.  | Social Security, welfare, unemployment compensation, and aid for people with handicapping conditions are examples of \_\_\_\_\_\_\_\_\_\_ payments, payments for which the government receives neither goods nor services in return.  |
|   |   |  | A) compensation  |
|   |   |  | B) transfer  |
|   |   |  | C) closed  |
|   |   |  | D) grant-in-aid  |
|  |  |  |  |  |
|   | 3.  | A transfer payment that one level of government makes to another is known as a \_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) grant-in-aid  |
|   |   |  | B) compensation  |
|   |   |  | C) government transformation  |
|   |   |  | D) fund switch  |
|  |  |  |  |  |
|   | 4.  | The \_\_\_\_\_\_\_\_\_\_ is an annual plan outlining proposed revenues and expenditures for the coming year.  |
|   |   |  | A) federal contrivance  |
|   |   |  | B) annual authorization  |
|   |   |  | C) federal budget  |
|   |   |  | D) annual stratagem  |

**Chapter 11 Money and Banking**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | A \_\_\_\_\_\_\_\_\_\_ economy is a moneyless economy that relies on trade.  |
|   |   |  | A) barter  |
|   |   |  | B) market  |
|   |   |  | C) trade  |
|   |   |  | D) sans dinero  |
|  |  |  |  |  |
|   | 2.  | A \_\_\_\_\_\_\_\_\_\_ is something accepted by all parties as payment for goods and services.  |
|   |   |  | A) mutual capital  |
|   |   |  | B) medium of exchange  |
|   |   |  | C) medium of barter  |
|   |   |  | D) measure of value  |
|  |  |  |  |  |
|   | 3.  | To be successful, money must be \_\_\_\_\_\_\_\_\_\_ .  |
|   |   |  | A) portable, non durable, indivisible, and limited in supply  |
|   |   |  | B) nontransferable, durable, divisible, and unlimited in supply  |
|   |   |  | C) portable, non durable, divisible, and unlimited in supply  |
|   |   |  | D) portable, durable, divisible, and limited in supply  |
|  |  |  |  |  |
|   | 4.  | Fraudulent banks that printed large amounts of currency in remote areas to make the redemption of their currency difficult were known as \_\_\_\_\_\_\_\_\_\_ banks.  |
|   |   |  | A) wildcat  |
|   |   |  | B) brigand  |
|   |   |  | C) looter  |
|   |   |  | D) serpentine  |

**Chapter 12 Financial Markets**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | For people to use the savings of others, the economy must have a(n) \_\_\_\_\_\_\_\_\_ system, a network of savers, investors, and financial institutions that work together to transfer savings to investors.  |
|   |   |  | A) saver  |
|   |   |  | B) investment  |
|   |   |  | C) transfer  |
|   |   |  | D) financial  |
|  |  |  |  |  |
|   | 2.  | Financial institutions that pool the funds that savers provide and lend them to others are called financial \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) go-betweens  |
|   |   |  | B) intermediaries  |
|   |   |  | C) investors  |
|   |   |  | D) lenders  |
|  |  |  |  |  |
|   | 3.  | Finance companies, life insurance companies, pension funds, and real estate investment trusts are examples of \_\_\_\_\_\_\_\_\_\_ financial institutions, nondepository institutions that channel savings to investors.  |
|   |   |  | A) nonbank  |
|   |   |  | B) pension  |
|   |   |  | C) insuratory  |
|   |   |  | D) realtor  |
|  |  |  |  |  |
|   | 4.  | A \_\_\_\_\_\_\_\_\_\_ has three main components: the coupon, the maturity, and the par value.  |
|   |   |  | A) bond  |
|   |   |  | B) stock  |
|   |   |  | C) rationing  |
|   |   |  | D) mutual fund  |

**Chapter 13 Economic Performance**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | The \_\_\_\_\_\_\_\_\_\_\_\_ accounting is a system of statistics and accounts that keeps track of production, consumption, saving, and investment in order to track overall economic performance.  |
|   |   |  | A) national income  |
|   |   |  | B) production consumption  |
|   |   |  | C) circular flow  |
|   |   |  | D) performance  |
|  |  |  |  |  |
|   | 2.  | To compute GDP, all final goods and services produced in a 12-month period are \_\_\_\_\_\_\_\_\_\_ their prices to get the dollar value of production.  |
|   |   |  | A) divided by  |
|   |   |  | B) subtracted from  |
|   |   |  | C) multiplied by  |
|   |   |  | D) added to  |
|  |  |  |  |  |
|   | 3.  | The dollar value of all final goods, services, and structures produced in one year with labor and property supplied by United States residents is called \_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) Gross Labor Production  |
|   |   |  | B) Gross National Product  |
|   |   |  | C) Average National Product  |
|   |   |  | D) Average Labor Production  |
|  |  |  |  |  |
|   | 4.  | To remove the distortions of inflation, economists construct a(n) \_\_\_\_\_\_\_\_\_\_, a statistical series that can be used to measure changes in prices over time.  |
|   |   |  | A) time index  |
|   |   |  | B) price index  |
|   |   |  | C) inflation adjustment  |
|   |   |  | D) time-inflated series  |

**Chapter 14 Economic Instability**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | A period during which real GDP declines for two quarters in a row, or six consecutive months, is call a(n) \_\_\_\_\_\_\_\_\_\_\_. It begins when the economy reaches a peak, and ends when the economy reaches a trough.  |
|   |   |  | A) recession  |
|   |   |  | B) expansion  |
|   |   |  | C) stagnation  |
|   |   |  | D) depression  |
|  |  |  |  |  |
|   | 2.  | Changes in \_\_\_\_\_\_\_\_\_\_\_\_ expenditures are one cause of business cycles.  |
|   |   |  | A) political  |
|   |   |  | B) healthcare  |
|   |   |  | C) education  |
|   |   |  | D) capital  |
|  |  |  |  |  |
|   | 3.  | Because there are always some workers who are in the process of changing jobs, there will always be some \_\_\_\_\_\_\_\_\_\_\_\_ employment in the economy.  |
|   |   |  | A) technological  |
|   |   |  | B) structural  |
|   |   |  | C) cyclical  |
|   |   |  | D) frictional  |
|  |  |  |  |  |
|   | 4.  | Unemployment that occurs when a fundamental change in the operations of the economy reduces the demand for workers and their skills is called \_\_\_\_\_\_\_\_\_\_\_ unemployment.  |
|   |   |  | A) technological  |
|   |   |  | B) structural  |
|   |   |  | C) cyclical  |
|   |   |  | D) seasonal  |

**Chapter 15 The Fed and Monetary Policy**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | The president of the United States appoints the \_\_\_\_\_-member Federal Reserve Board of Governors to \_\_\_\_\_\_-year terms.  |
|   |   |  | A) 5, 4  |
|   |   |  | B) 8, 15  |
|   |   |  | C) 7, 14  |
|   |   |  | D) 10, 12  |
|  |  |  |  |  |
|   | 2.  | Reserves are used to \_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) clear checks and control the size of the money supply  |
|   |   |  | B) increase the money supply and lower inflation  |
|   |   |  | C) decrease the money supply and raise inflation  |
|   |   |  | D) increase Gross Domestic Product and lower inflation  |
|  |  |  |  |  |
|   | 3.  | A portion of the deposits that banks and other depository institutions must legally reserve are called \_\_\_\_\_\_\_\_ reserves.  |
|   |   |  | A) monetary  |
|   |   |  | B) excess  |
|   |   |  | C) fractional  |
|   |   |  | D) legal  |
|  |  |  |  |  |
|   | 4.  | The \_\_\_\_\_\_\_\_\_\_\_ is the interest the Fed charges on loans to financial institutions.  |
|   |   |  | A) margin requirement  |
|   |   |  | B) discount requirement  |
|   |   |  | C) prime rate  |
|   |   |  | D) discount rate  |

**Chapter 16 Achieving Economic Stability**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | The \_\_\_\_\_\_\_\_\_\_\_\_ is the sum of the monthly inflation and unemployment rates.  |
|   |   |  | A) misery index  |
|   |   |  | B) composite rate  |
|   |   |  | C) despair rate  |
|   |   |  | D) composite index  |
|  |  |  |  |  |
|   | 2.  | A period of stagnant growth combined with inflation is known as \_\_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) stagnation  |
|   |   |  | B) stagflation  |
|   |   |  | C) hyperinflation  |
|   |   |  | D) megaflation  |
|  |  |  |  |  |
|   | 3.  | The total value of goods and services that all firms would produce in a specific period of time at various price levels is called \_\_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) aggregate supply  |
|   |   |  | B) aggregate demand  |
|   |   |  | C) cumulative goods  |
|   |   |  | D) cumulative services  |
|  |  |  |  |  |
|   | 4.  | An increase in saving will cause the aggregate demand curve to \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) stay the same  |
|   |   |  | B) shift to the right  |
|   |   |  | C) shift to the left  |
|   |   |  | D) curve upward  |

**Chapter 17 International Trade**

Top of Form

|  |  |  |
| --- | --- | --- |
|   | 1.  | A country has a comparative advantage when it can \_\_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) produce more of a product than can another country  |
|   |   |  | B) produce a product at a lower dollar cost than can another country  |
|   |   |  | C) produce a product at a lower opportunity cost than can another country  |
|   |   |  | D) produce a better product, regardless of price, than can another country  |
|  |  |  |  |  |
|   | 2.  | Alpha can produce either 10 apples or 3 oranges. Beta can produce either 12 apples or 3 oranges.  |
|   |   |  | A) Alpha has an absolute advantage in the production of apples.  |
|   |   |  | B) Alpha has an absolute advantage in the production of oranges.  |
|   |   |  | C) Beta has an absolute advantage in the production of apples.  |
|   |   |  | D) Beta has a comparative advantage in the production of oranges.  |
|  |  |  |  |  |
|   | 3.  | If a country wants to trade a product with another country, it must have a(n) \_\_\_\_\_\_\_\_\_\_\_ in the production of that product.  |
|   |   |  | A) opportunity cost  |
|   |   |  | B) financial advantage  |
|   |   |  | C) absolute advantage  |
|   |   |  | D) comparative advantage  |
|  |  |  |  |  |
|   | 4.  | A country has a(n) \_\_\_\_\_\_\_\_\_\_\_ whenever it is able to produce more of a given product than another.  |
|   |   |  | A) absolute advantage  |
|   |   |  | B) comparative advantage  |
|   |   |  | C) export advantage  |
|   |   |  | D) net import increase  |

**Chapter 18 Comparative Economic Systems**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | A \_\_\_\_\_\_\_\_\_\_\_\_ economy offers a high degree of consumer satisfaction, is highly decentralized, and offers a great deal of freedom for consumers and producers.  |
|   |   |  | A) communist  |
|   |   |  | B) socialist  |
|   |   |  | C) Marxist  |
|   |   |  | D) capitalist  |
|  |  |  |  |  |
|   | 2.  | One of the main disadvantages of capitalism is the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) uncertainty some people face when their jobs are threatened by competition  |
|   |   |  | B) difficulties control planners face when the economy gets large  |
|   |   |  | C) lack of private property ownership  |
|   |   |  | D) inability to adjust to change  |
|  |  |  |  |  |
|   | 3.  | All productive resources are government owned and controlled under \_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) socialism  |
|   |   |  | B) cooperativism  |
|   |   |  | C) communism  |
|   |   |  | D) capitalism  |
|  |  |  |  |  |
|   | 4.  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ was the Soviet leader who introduced Five-Year Plans as a feature for centralized planning.  |
|   |   |  | A) Yeltsin  |
|   |   |  | B) Stalin  |
|   |   |  | C) Lenin  |
|   |   |  | D) Gorbachev  |

**Chapter 19 Developing Countries**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | Countries whose average per capita GNP is a fraction of that in more industrialized countries are called \_\_\_\_\_\_\_\_\_\_\_\_ countries.  |
|   |   |  | A) developing  |
|   |   |  | B) fractal  |
|   |   |  | C) first world  |
|   |   |  | D) second world  |
|  |  |  |  |  |
|   | 2.  | The population of most developing countries grows at a rate \_\_\_\_\_\_\_\_\_ the populations of industrialized countries.  |
|   |   |  | A) much faster than  |
|   |   |  | B) equal to  |
|   |   |  | C) slower than  |
|   |   |  | D) much slower than  |
|  |  |  |  |  |
|   | 3.  | The divisions of the \_\_\_\_\_\_\_\_\_ provide interest-free loans to developing countries and guarantees to foreign investors, as well as conciliation and arbitration of disputes between foreign investors and host countries.  |
|   |   |  | A) International Reserve  |
|   |   |  | B) International Monetary Fund  |
|   |   |  | C) United Nations  |
|   |   |  | D) World Bank Group  |
|  |  |  |  |  |
|   | 4.  | A country in \_\_\_\_\_\_\_\_\_ often has no monetary system and may not be economically motivated.  |
|   |   |  | A) transition  |
|   |   |  | B) semi-development  |
|   |   |  | C) takeoff  |
|   |   |  | D) primitive equilibrium  |

**Chapter 20 Global Economic Challenges**

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|  |  |  |
| --- | --- | --- |
|   | 1.  | According to Thomas Malthus, population grows at a(n) \_\_\_\_\_\_\_\_\_\_\_ rate, while food grows at a(n) \_\_\_\_\_\_\_\_\_\_\_ rate.  |
|   |   |  | A) algebraic, geometric  |
|   |   |  | B) geometric, constant  |
|   |   |  | C) constant, progressive  |
|   |   |  | D) constant, algebraic  |
|  |  |  |  |  |
|   | 2.  | If population and food supplies grow at the rates predicted by Thomas Malthus, the masses of the world will be reduced to the condition of \_\_\_\_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) substance  |
|   |   |  | B) extinction  |
|   |   |  | C) subsistence  |
|   |   |  | D) equality  |
|  |  |  |  |  |
|   | 3.  | The largest category of nonrenewable energy in use today is \_\_\_\_\_\_\_\_\_.  |
|   |   |  | A) petroleum  |
|   |   |  | B) natural gas  |
|   |   |  | C) coal  |
|   |   |  | D) nuclear energy  |
|  |  |  |  |  |
|   | 4.  | Today, \_\_\_\_\_\_\_\_\_\_\_\_ is our most important renewable energy resource, accounting for half of all renewable energy consumed in the United States.  |
|   |   |  | A) biomass  |
|   |   |  | B) nuclear power  |
|   |   |  | C) solar energy  |
|   |   |  | D) hydroelectric power  |
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