**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**

Top of Form

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 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**

Top of Form

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 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**

Top of Form

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 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**

Top of Form

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 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**

Top of Form

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 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**

Top of Form

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 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**

Top of Form

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 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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