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| Chapter Test Economic Decisions and Systems | | | | | | | | | |
| Part 1 True or False (3 points each) **Directions**Place a *T* for True or an *F* for False in the Answers column to show whether each of the following statements is true or false. | | | |  | |  | | | |
| **Answers** | | | |
| 1. | Your needs and wants never end. | | | | 1. | | |  | |
| 2. | Products and money used in the production of goods and services are called natural resources. | | | | 2. | | |  | |
| 3. | The mismatch of unlimited wants and needs and limited economic resources is called *the basic economic problem*. | | | | 3. | | |  | |
| 4. | The first step in the economic decision-making process is to evaluate the advantages and disadvantages of each choice. | | | | 4. | | |  | |
| 5. | The United States could best be characterized as a command economy. | | | | 5. | | |  | |
| 6. | The right of private property means you can own, use, or dispose of things of value. | | | | 6. | | |  | |
| 7. | In a market economy, buying decisions are made by consumers. | | | | 7. | | |  | |
| 8. | If heavy competition for a product keeps its price low, businesses will be very motivated to offer the product for sale. | | | | 8. | | |  | |
| 9. | If many consumers want a particular service, its price will probably go up. | | | | 9. | | |  | |
| 10. | The higher the price, the higher the producer’s profits. | | | | 10. | | |  | |
| Part 2 Multiple Choice (3 points each) **Directions**In the Answers column, write the letter that represents the word, or group of words, that correctly completes the statement or answers the question. | | | |  | |  | | | |
| **Answers** | | | |
| 11. | All of the following is a need EXCEPT (a) a good education (b) clothing (c) fine jewelry  (d) clean air. | | | | 11. | | |  | |
| 12. | The means through which goods and services are produced are called (a) economic resources (b) needs (c) spending opportunities (d) economic choices. | | | | 12. | | |  | |
| 13. | All of the following is a capital resource EXCEPT (a) a pickup truck (b) a factory (c) lumber (d) employees. | | | | 13. | | |  | |
| 14. | The value of the next-best alternative that you did not choose is called (a) tradeoff cost  (b) scarcity (c) opportunity cost (d) economic cost. | | | | 14. | | |  | |
| 15. | When a country decides to focus on advanced technology and a skilled labor force, it is primarily answering which of the basic economic questions? (a) What to produce? (b) How to produce? (c) Which needs to satisfy? (d) Which wants to satisfy? | | | | 15. | | |  | |
| 16. | Personal economic freedom is most limited in a (a) command economy (b) market economy (c) mixed economy (d) traditional economy. | | | | 16. | | |  | |
| 17. | Which of the following is NOT characteristic of a capitalistic economy? (a) freedom of choice (b) government ownership of resources (c) the profit motive (d) competition among businesses | | | | 17. | | |  | |
| 18. | Which of the following is a consumer? (a) a business (b) an individual (c) the government (d) all of the above are consumers | | | | 18. | | |  | |
| 19. | The quantity of a good or service that consumers are willing and able to buy is called  (a) supply (b) an economic want (c) demand (d) an economic amount. | | | | 19. | | |  | |
| 20. | In which of the following situations is demand MOST likely to be reduced? (a) customers see a number of products they believe will satisfy a need (b) customers cannot find a good substitute for a product they want (c) when prices for a popular product are reduced (d) all of the above tend to reduce demand. | | | | 20. | | |  | |
| Part 3 Matching (2 points each) **Directions**In the Answers column match the following terms with their definition.   |  |  |  |  | | --- | --- | --- | --- | | A. | needs | F. | Goods | | B. | services | G. | Tradeoff | | C. | scarcity | H. | Producers | | D. | natural resources | I. | Wants | | E. | consumers | J. | human resources | | | | | | | | | | |
|  | |  | | | | | **Answers** | | |
| 21. | | | Things that add comfort and pleasure to your life. | | | | 21. | |  |
| 22. | | | People producing goods and services. | | | | 22. | |  |
| 23. | | | Things that are required in order to live. | | | | 23. | |  |
| 24. | | | Things that you can see and touch. | | | | 24. | |  |
| 25. | | | When you give up something to have something else. | | | | 25. | |  |
| 26. | | | Those who determine which products and services will be available for sale | | | | 26. | |  |
| 27. | | | Raw materials supplied by nature. | | | | 27. | |  |
| 28. | | | Not having enough resources to satisfy every need. | | | | 28. | |  |
| 29. | | | Things that are intangible and have no physical characteristics. | | | | 29. | |  |
| 30. | | | Those who buy and use goods and services | | | | 30. | |  |
| Part 4 Fill in the Blank (4 points each) **Directions**Fill in the word or phrase that best completes each statement. | | | | | | | | | |
| 31. | Economic resources are sometimes referred to as factors of ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***. | | | | | | | | |
| 32. | The process of choosing which wants, among several options, will be satisfied is called ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_.*** | | | | | | | | |
| 33. | In a(n) ***\_\_\_\_\_\_\_\_\_\_\_*** economy, goods and services are produced the way they have always been produced. | | | | | | | | |
| 34. | The rivalry among businesses to sell their goods and services is called ***\_\_\_\_\_\_\_\_\_\_\_\_***. | | | | | | | | |
| 35. | The point where supply and demand are equal is called the ***\_\_\_\_\_\_\_\_\_\_\_\_\_.*** | | | | | | | | |