**Name:**  ***Click Here To Enter Student Full Name*** **Class Period:**

**Date (enter current date):*****1/1/2001***

Chapter 1 Exam

1.  Most nations of the world can be classified as having a \_\_\_\_\_\_\_\_.

*A) command economy*

*B) market economy*

*C) traditional economy*

*D) mixed economy*

1. Consumers are individuals and organizations that determine what products and services will be available for sale.

*True*

*False*

1. Which of the following statements is true of the U.S. economy?

*A) The U.S. has been the world’s largest consumer for more than 200 years.*

*B) Most U.S. families own three or more automobiles.*

*C) All U.S. consumers spend more than they earn.*

*D) The United States is the largest producer of goods and services in the world.*

1. In a \_\_\_\_\_\_\_\_ all resources are owned and controlled by the government.

*A) command economy*

*B) traditional economy*

*C) market economy*

*D) mixed economy*

1. When there are many competitors in a market, individual businesses are not able to easily raise their prices.

*True*

*False*

1. Markets are always physical locations where economic transactions take place.

*True*

*False*

1. The first step in the decision-making process is to:

*A) identify the choices.*

*B) define the problem.*

*C) evaluate advantages and disadvantages of each choice.*

*D) review your decision.*

1. Which of the following is not a principle upon which the U.S. economic system is based?

*A) private property*

*B) freedom of choice*

*C) government regulation*

*D) competition*

1. Opportunity cost is the value of the next-best alternative that is not chosen.

*True*

*False*

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1. Each of the following is one of the three economic questions that must be answered in all nations *except*:

*A) What goods and services will be produced?*

*B) How will the goods and services be produced?*

*C) Who will receive the profits earned when goods and services are produced?*

*D) What needs and wants will be satisfied with the goods and services produced?*

1. Which of the following is an example of a service?

*A) The shingles that are put on a new roof on your home.*

*B) The effort of the worker you hire to put a new roof on your home.*

*C) The hammer that is used to install the new shingles on your home.*

*D) The increased value of your home after a new roof is installed.*

1. All economies face the basic economic problem of scarcity of money.

*True*

*False*

1. When many more people wish to purchase a product, its price will tend to:

*A) stay the same.*

*B) fall.*

*C) decline only to rise again.*

*D) increase.*

1. The basic economic problem results from \_\_\_\_\_\_\_\_.

*A) scarcity*

*B) shortages of money*

*C) competition*

*D) unfair distribution systems*

1. \_\_\_\_\_\_\_ include tools and equipment used to produce goods and services.

*A) Natural resources*

*B) Human resources*

*C) Capital resources*

*D) Consumer resources*

1. A \_\_\_\_\_\_\_\_ takes place when you give up something to have something else.

*A) a financial choice*

*B) substitution*

*C) transaction*

*D) tradeoff*

1. \_\_\_\_\_\_\_ refers to the quantity of a good or service that businesses are willing and able to offer for sale.

*A) supply*

*B) demand*

*C) surplus*

*D) shortage*

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1. Economic resources are the means through which goods and services are produced.

*True*

*False*

1. Things that are required in order to live are wants.

*True*

*False*

1. Economic decision-making is the process of deciding:

*A) how to spend your time.*

*B) how to use your money.*

*C) which wants will be satisfied.*

*D) whether to buy products now or later.*