

# Exploring Economics Quiz and Exam Book

*Exploring Economics Quiz and Exam Book*

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# Unit 5 Quiz

Choose which predicate at right best completes the sentences begun at left and write its letter in the blank.

- |   |  |
|---|--|
| ___ 1. Loans that were too large for people to pay back                 | a. makes a big difference in an action being taken.  |
| ___ 2. A cost benefit analysis  | b. are the elements that producers use to create goods and services.   |
| ___ 3. A margin is a small step that                                    | c. are intangible duties that people perform for pay.  |
| ___ 4. A marginal benefit   | d. is the maximum production that an economy can have, given its production resources.   |
| ___ 5. Goods  | e. means materials used to produce goods.  |
| ___ 6. Services   | f. is the greatest benefit that a producer gives up when he makes a choice.  |
| ___ 7. In terms of economics, capital                                   | g. is a benefit that motivates action.   |
| ___ 8. Opportunity cost   | h. determines the cost and the benefit of taking a particular step before you take it to determine if the benefit outweighs the cost.            |
| ___ 9. An economic incentive  | i. are tangible items that companies or individuals produce for consumption.   |
| ___ 10. A marginal rate of substitution                                 | j. involves how much of one product a consumer is willing to give up in exchange for another product to maintain the same level of satisfaction. |
| ___ 11. Production resources  | k. helped cause the economic recession of 2008.  |
| ___ 12. The production possibilities curve                              | l. is the change in total benefit that results from an action.   |
| ___ 13. A cigarette warning label                                       | m. emphasizes the role of self-interest in decision-making.  |
| ___ 14. Capitalism and socialism  | n. is an example of a disincentive.  |
| ___ 15. Public choice theory  | o. is the goal of having people in a society share goods and services as equally as possible.  |
| ___ 16. Economic efficiency   | p. limit the choices that producers and consumers have in order to meet other goals that people in government value.                             |
| ___ 17. Economic equity   | q. try to insure stability while sacrificing the possibility of significant growth.  |
| ___ 18. The promise of economic security                                | r. is the goal of encouraging the people in an economy to be as productive as possible in making goods and services available.                   |
| ___ 19. Government policies that place limitations on business activity | s. differ in terms of who makes economic decisions.  |
| ___ 20. Command economies   | t. means that you give up a degree of economic freedom.  |

# First Exam (Over Units 1-5)

Identify these terms (2 points each):

- |                                       |  |
|---------------------------------------|--|
| ___ 1. oikonomos                      | a. the change in total benefit that results from an action   |
| ___ 2. externalities                  | b. a small step that makes a big difference in an action taken   |
| ___ 3. mercantilism                   | c. Greek word from which we get the word economics   |
| ___ 4. tariffs                        | d. a benefit that motivates action   |
| ___ 5. bond                           | e. tangible items produced for consumption   |
| ___ 6. investment capitalism          | f. The reason behind the overall trend of economic growth in the United States   |
| ___ 7. freedom                        | g. economic effects external to the direct production of goods   |
| ___ 8. supply side economics          | h. established by Congress in 1913 to serve as a central bank for the United States  |
| ___ 9. services                       | i. intangible duties that people perform for pay   |
| ___ 10. cost benefit analysis         | j. the main source of income for the United States for many years  |
| ___ 11. marginal benefit              | k. greatest benefit that a producer gives up when he makes a choice  |
| ___ 12. goods                         | l. the elements producers use to create goods and services   |
| ___ 13. margin                        | m. economic idea proposed by President Reagan in 1980  |
| ___ 14. economic incentive            | n. the prevailing economic philosophy when Adam Smith published <i>The Wealth of Nations</i>   |
| ___ 15. production resources          | o. money individuals loan to an entity (often a government) with the expectation they will receive it back with interest                             |
| ___ 16. Federal Reserve System        | p. a type of business in which people build large enterprises that do not make things themselves, but invest huge sums of money in companies that do |
| ___ 17. opportunity cost              | q. how much of one product a consumer is willing to give up in exchange for another product to maintain the same level of satisfaction               |
| ___ 18. marginal rate of substitution | r. determines the cost and benefit of taking a particular step before you take it to determine if the benefit outweighs the cost                     |
| ___ 19. economic efficiency           | s. emphasizes the critical role that self-interest plays in decision-making  |
| ___ 20. public choice theory          | t. the goal of encouraging people in an economy to be as productive as possible in supplying goods and services                                      |

*Exam continues on next two pages.*

Mark a T beside every true statement and an F beside every false statement (2 points each).

- \_\_\_ 21. In a market economy, some authority (usually the government) dictates what and how much producers will produce.
- \_\_\_ 22. In the United States, money is a medium of exchange.
- \_\_\_ 23. GDP stands for gross domestic product.
- \_\_\_ 24. The promise of economic security means that you give up a degree of economic freedom.
- \_\_\_ 25. Command economies try to insure significant growth while sacrificing the possibility of stability.
- \_\_\_ 26. Capitalism and socialism are much the same in who makes economic decisions.
- \_\_\_ 27. A cigarette warning label is an example of a disincentive.
- \_\_\_ 28. The production possibilities curve is the maximum production that an economy can have, given its production resources.
- \_\_\_ 29. In terms of economics, capital means materials used to produce goods.
- \_\_\_ 30. Communism is an economic system in which a government encourages and assists businessmen in establishing colonial outposts.

Answer these questions (7 points each):

31. Define microeconomics.

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32. Define a command economy.

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Fill in these blanks (2 points per word):

33-34. Conditions in Egypt during the famine while Joseph was living there illustrate the

economic principle of \_\_\_\_\_ and \_\_\_\_\_.

35-36. Jesus said that we cannot serve the two masters of \_\_\_\_\_ and \_\_\_\_\_.

37-38. Instead of worrying about food and clothing, Jesus told people to seek God's

\_\_\_\_\_ and His \_\_\_\_\_.

39. In the early centuries after the church began, people who wanted to escape the influence

and defilement of the world sometimes went to live in \_\_\_\_\_.

40 - 42. Micah 6:8 teaches that God wants us to do \_\_\_\_\_, love

\_\_\_\_\_, and walk \_\_\_\_\_ with our God.

43. Jesus taught that our lives do not consist of our \_\_\_\_\_ even

when we have an abundance.

44 - 45. In Proverbs 30:7-9, the writer asked God to give him neither \_\_\_\_\_

nor \_\_\_\_\_.

# Unit 12 Quiz

Write one of these percentages in each blank below. You will use one of them more than once.

**3%**

**10%**

**20%**

1. Approximately \_\_\_\_\_ of American households have an income of \$100,000 or more.
2. A healthy annual rate of growth in the gross domestic product is \_\_\_\_\_.
3. Approximately \_\_\_\_\_ of American households have an income under \$20,000.
4. One common rule of thumb is that a depression involves a decline in the gross domestic product of more than \_\_\_\_\_.

Finish these sentences by writing the letter beside the correct conclusion in the blank at left.

- |  |   |
|--|---|
| ___ 5. Gross domestic product            | a. plus the gross domestic product and the rate of unemployment are the three most important macroeconomic variables.   |
| ___ 6. Gross national product            | b. is the money that households have available for discretionary spending after taxes.  |
| ___ 7. Purchasing power parity           | c. is published by the Conference Board, founded in 1916.   |
| ___ 8. The rate of inflation,            | d. is an electronic stock market founded in 1971.   |
| ___ 9. The consumer price index          | e. includes purchases by consumers, purchases of capital goods by businesses, and purchases of goods and services by government, and net exports.                       |
| ___ 10. The Leading Economic Index       | f. takes stock values of thirty key companies and uses a formula to determine a cumulative value for those stocks to create its composite index.                        |
| ___ 11. Disposable personal income       | g. is a major commodities market.   |
| ___ 12. Supply and demand                | h. is an estimate of what a typical urban consumer has to pay for a sampling of typical goods and services.   |
| ___ 13. The NYSE                         | i. along with stock prices, employment, and personal income decline or show only small growth during an economic downturn.  |
| ___ 14. The Dow Jones Industrial Average | j. is the production of a nation's permanent residents, whether that production occurs within the country or elsewhere.   |
| ___ 15. NASDAQ                           | k. is the average length of a recession since World War II.   |
| ___ 16. The Chicago Mercantile Exchange  | l. a program begun in 1964, has not significantly changed the percentage of Americans living in poverty.  |
| ___ 17. Business profits                 | m. is the total value of a person's assets, which often includes a house and property, investments, bank accounts, and other useful goods, acquired over several years. |
| ___ 18. Eleven months                    | n. takes into account the differences in the cost of living in various countries.   |
| ___ 19. The War on Poverty,              | o. is the largest stock exchange in the world.  |
| ___ 20. Wealth                           | p. determines the prices of shares of stock.  |