

Exploring Economics Quiz and Exam Book

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ISBN 978-1-60999-096-1

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Cover design by Mary Evelyn McCurdy
Quizzes, exams, and interior design by Charlene Notgrass

Printed in the United States of America

Notgrass History
1-800-211-8793
www.notgrass.com

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.

32. Define a command economy.

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. |