

Quiz 1 | Intro; Chp 1

Due Jan 30 at 11:59pm	Points 20	Questions 20	Time Limit None
Allowed Attempts 2			

Instructions

This is the first of the "topical" or chapter quizzes that will constitute the primary homework assignments for this class. These assignments will review the textbook and in-class terms and concepts to help you solidify your understanding. (Note that these chapter quizzes are for helping you learn terms and some concepts, but are not designed to really challenge critical thinking skills.)

You will have two attempts to take this quiz. Late quizzes can be submitted but will incur a penalty for each day late.

Select the best answer to the questions below.

Take the Quiz Again

Attempt History

	Attempt	Time	Score
LATEST	Attempt 1	18 minutes	17 out of 20

 Correct answers are hidden.

Score for this attempt: **17** out of 20

Submitted Jan 30 at 8:03pm

This attempt took 18 minutes.

Question 1
1 / 1 pts

Scarcity typically refers to the notion that

☒ resources are limited.

- ☐ resources can be creatively obtained.
- ☐ wants are limited.
- ☐ resources are unlimited.

Incorrect**Question 2****0 / 1 pts**

Households provide productive work activity and receive payment from firms in return in the

- ☐ labor market.
- ☒ market for goods and services.
- ☐ savings market.
- ☐ financial capital market.

Incorrect**Question 3****0 / 1 pts**

In the _____, households receive goods and services and pay firms for them.

- ☐ financial capital market
- ☒ labor market
- ☐ goods and services market
- ☐ savings market

Question 4**1 / 1 pts**

The factor of production which includes buildings and machines is known as

- ☒ capital
- ☐ income
- ☐ labor
- ☐ raw materials

Question 5**1 / 1 pts**

In a command economy, the _____ either makes most economic decisions itself or at least strongly influences how the decisions are made.

- ☒ government
- ☐ business sector
- ☐ market
- ☐ firm

Question 6**1 / 1 pts**

In the first chapter of The Wealth of Nations, Smith introduces the idea of the _____, which means the way in which the work required to produce a good or service is divided into a number of tasks that are performed by different workers.

- ☐ task economy
- ☒ division of labor
- ☐ modern economy
- ☐ interconnected economy

Incorrect

Question 7

0 / 1 pts

In a discussion of economics, which of the following would likely exert the most influence on an individual firm's decision to hire workers?

- ☐ wage levels
- ☒ the macroeconomy

While it may influence the firm's decision, it doesn't really signify whether a firm can afford to pay another worker or not.

- ☐ household income
- ☐ the firm's income

Question 8

1 / 1 pts

Macroeconomics primarily examines

- ☐ the output levels that maximize the profits of business firms.
- ☐ the behavior of individual households and firms.
- ☒ broad issues such as national output, employment, and inflation.
- ☐ how prices are determined within individual markets.

Question 9

1 / 1 pts

The circular flow diagram of economic activity is a model of the

- ☒ flow of goods, services, and payments between households and firms.
- ☐ interaction among taxes, prices, and profits.
- ☐ influence of government on business behaviour.
- ☐ role of unions and government in the economy.

Question 10

1 / 1 pts

Which of the following statements most likely lies within the realm of microeconomics?

- ☐ Inflation in the U.S. increased by 5% in May 2021.



An increase in labor costs will increase the additional cost of producing another bus.



The size of the U.S. economy shrank in 2020 as a result of the COVID crisis.



Unemployment rises during a recession and falls during an expansion.

Question 11**1 / 1 pts**

A good economic theory



is a detailed representation of reality used to explain past economic events.



captures the essence of the economic concepts and facilitates their understanding.



is a set of mathematical equations representing economic behavior.



must contain a complete representation of real economic events to be useful.

Question 12**1 / 1 pts**

_____ is the process a firm uses to transform inputs into outputs.

- ☐ Competition
- ☐ Specialization
- ☒ Production
- ☐ Economies of scale

Question 13**1 / 1 pts**

The oldest way that societies organize their economic activity is using

- ☐ manufacturing mechanisms.
- ☐ a market-based approach.
- ☐ a command economy.
- ☒ a traditional economy.

Question 14**1 / 1 pts**

The basic difference between macroeconomics and microeconomics is

- ☐ Microeconomics explores the causes of inflation while macroeconomics focuses on the causes of unemployment.
- ☐ Microeconomics concentrates on the behaviour of individual consumers while macroeconomics focuses on the behaviour of firms.



Microeconomics concentrates on individual markets while macroeconomics focuses primarily on international trade.



Microeconomics concentrates on the behaviour of individual consumers and firms while macroeconomics focuses on the performance of the entire economy.

Question 15**1 / 1 pts**

Specialization



leads to greater self-sufficiency.



is always the result of an inefficient use of resources.



can lead to an increase in overall production.



allows workers to develop skills by working on a large number of tasks.

Question 16**1 / 1 pts**

In which of the following countries will the national government have the greatest influence with respect to the nation's economy?



China



Chile



Cuba

☐ Canada

Question 17

1 / 1 pts

In a market-oriented economy, the amount of a good that is produced is primarily decided by the interaction of

- ☐ producers and government planning committees.
- ☐ producers and input suppliers.
- ☐ all consumers.
- ☒ buyers and sellers.

Question 18

1 / 1 pts

Which of the following best characterizes the income flows in the circular flow model?

- ☐ The government purchases resources from businesses and households and then sells goods and services to businesses and households.
- ☒ Businesses buy resources from households, and households use their income from the sale of resources to buy goods and services from businesses.
- ☐

Households buy factors of production from businesses, and businesses buy goods and services from households.



Businesses buy resources from the government, and households buy goods and services from businesses.

Question 19**1 / 1 pts**

_____ refers to specialization that allows production to increase while the average cost of producing each individual unit declines.



Free trade



Economies of scale



Scarcity



A market-oriented economy

Question 20**1 / 1 pts**

Virtually every major problem facing the world today has an economic dimension.



True



False

Quiz Score: **17** out of 20