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| **ECONOMICS** | |
| |  |  | | --- | --- | | 1) | \_\_\_\_\_\_ is a cost that you have already incurred and cannot recover. | |  | A) Positive cost | |  | B) Lost cost | |  | C) Negative cost | |  | D) Sunk cost | |  |
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| |  |  | | --- | --- | | 2) | Being able to do something using fewer resources than other producers require would give you a(n) \_\_\_\_\_. | |  | A) disadvantage | |  | B) monopoly | |  | C) comparative advantage | |  | D) absolute advantage | |  |
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| |  |  | | --- | --- | | 3) | \_\_\_\_ means producing the maximum possible output from available resources. | |  | A) Maximization | |  | B) Productivity | |  | C) Efficiency | |  | D) Equilibrium | |  |
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| |  |  | | --- | --- | | 4) | A shift outward of the production possibilities frontier reflects economic \_\_\_\_\_. | |  | A) growth | |  | B) weakness | |  | C) stability | |  | D) retraction | |  |
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| |  |  | | --- | --- | | 5) | \_\_\_\_ focuses on the performance of the economy as a whole | |  | A) Macroeconomics | |  | B) Microeconomics | |  | C) Gross national product | |  | D) Gross domestic product | |  |
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| |  |  | | --- | --- | | 6) | Which of the following statements is **not** valid about gross domestic product? | |  | A) it includes production in the United States by foreign firms | |  | B) it can be used to compare economies of various countries | |  | C) it includes production of U.S. firms in foreign countries | |  | D) it measures production during the year by businesses and individuals | |  |

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| |  |  | | --- | --- | | 7) | Which situation shows the law of diminishing marginal utility at work? | |  | A) You are willing to pay the same price for every succeeding slice of pizza you purchase. | |  | B) You will only purchase succeeding slices if they cost less. | |  | C) Each piece of pizza you purchase gets smaller. | |  | D) You are willing to pay more for every succeeding slice of pizza you purchase. | |  |
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| |  |  | | --- | --- | | 8) | Trade restrictions usually \_\_\_\_\_. | |  | A) benefit domestic consumers | |  | B) increase imports | |  | C) lower tariffs | |  | D) benefit domestic producers | |  |
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| |  |  | | --- | --- | | 9) | \_\_\_\_ might cause a shift in the supply curve to the right in the grain business. | |  | A) An increase in the cost of harvesting grain | |  | B) Discovery of a substitute for grain | |  | C) A technological breakthrough to increase yields | |  | D) A decrease in the number of farms | |  |
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| |  |  | | --- | --- | | 10) | The ability of a firm to raise its price without losing sales to competitors is called \_\_\_\_\_. | |  | A) recession | |  | B) profit | |  | C) market power | |  | D) inflation | |  |
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| |  |  | | --- | --- | | 11) | Which factor is responsible for credit card interest being so high? | |  | A) abundance of credit cards | |  | B) lack of collateral on the debt | |  | C) low administration costs | |  | D) large line of credit | |  |
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| |  |  | | --- | --- | | 12) | The largest source of revenue for local governments is from \_\_\_\_\_. | |  | A) property tax | |  | B) sales tax | |  | C) income tax | |  | D) state and federal aid | |  |

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| |  |  | | --- | --- | | 13) | Disposable income is \_\_\_\_\_. | |  | A) income before taxes | |  | B) extra income | |  | C) inflated income | |  | D) income after taxes | |  |
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| |  |  | | --- | --- | | 14) | Of the 25 million businesses in the U.S., most \_\_\_\_\_. | |  | A) consist of one self-employed person | |  | B) will grow into larger businesses | |  | C) employ more than 25 people | |  | D) will become corporations | |  |
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| |  |  | | --- | --- | | 15) | The \_\_\_ shows how much output U.S. producers are willing and able to supply at each price level. | |  | A) real GDP per capita | |  | B) aggregate demand curve | |  | C) aggregate supply curve | |  | D) equilibrium market | |  |

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| 1) | D |
| 2) | D |
| 3) | C |
| 4) | A |
| 5) | A |
| 6) | C |
| 7) | B |
| 8) | D |
| 9) | C |
| 10) | C |
| 11) | B |
| 12) | D |
| 13) | D |
| 14) | A |
| 15) | C |