

Name: _____

Score: _____

26 Multiple choice questions

Definition

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Is a simplified representation of how two or more variables interact with each other

- ☐ Analysis
- ☐ Experiment
- ☐ Theory
- ☐ Law

Definition

The trend in which buying and selling in markets have increasingly crossed national borders

- ☐ Imports
- ☐ Industrialization
- ☐ Economics
- ☐ Globalization

Term

Circular Flow Diagram

- ☐ is a simplified representation of how two or more variables interact with each other
- ☐ measures the size of total production in an economy
- ☐ focuses on the actions of individual agents within the economy, like households, workers, and businesses
- ☐ shows how households and firms interact in the goods and services market, and in the labor market

Term

Macroeconomics

- ☐ the branch of economics that focuses on broad issues such as growth, unemployment, inflation, and trade balance
- ☐ the branch of economics that focuses on individual markets and consumer behavior
- ☐ the branch of economics that analyzes the behavior of individual households
- ☐ the branch of economics that studies the financial performance of firms

Definition

the private individuals or groups of private individuals own and operate the means of production (resources and businesses)

- ☐ **Private Enterprise**
- ☐ **Privatization**
- ☐ **Free Enterprise**
- ☐ **Capitalistic**

Definition

households provide labor and receive payment from firms through wages, salaries, and benefits

- ☐ Financial (capital) Market
- ☐ Labor Market
- ☐ Savings Market
- ☐ Product Market

Term

Monetary Policy

- ☐ economic decisions are made by the government.
- ☐ measures the size of total production in an economy
- ☐ policy that involves altering the level of interest rates, the availability of credit in the economy, and the extent of borrowing
- ☐ economic policies that involve government spending and taxes

Term**Microeconomics**

- ☐ **is a simplified representation of how two or more variables interact with each other**
- ☐ **measures the size of total production in an economy**
- ☐ **when workers or firms focus on particular tasks for which they are well-suited within the overall production process**
- ☐ **focuses on the actions of individual agents within the economy, like households, workers, and businesses**

Term

Law of Diminishing Returns

- for as many goods as the level of production increases, the average cost of producing each individual unit declines
- when a country can produce a good at a lower opportunity cost than another country
- when it is possible to produce more of one good without decreasing the quantity produced of another
- as additional increments of resources are added to producing a good or service, the marginal benefit from those additional increments will decline

Term**Fiscal Policy**

- ☐ economic policies that involve government spending and taxes
- ☐ economic policies that involve the control of money supply
- ☐ economic policies that involve the regulation of interest rates
- ☐ neither a or b

Definition

the study of how humans make decisions in the face of scarcity

- ☐ Economics
- ☐ Sociology
- ☐ Accounting
- ☐ Management

Definition

Economic decisions are made by the government.

- ☐ Capitalism
- ☐ Market Economy
- ☐ Mixed Economy
- ☐ Command Economy

Definition

the goods and services that a nation produces domestically and sells abroad

- ☐ Supply
- ☐ Exports
- ☐ Imports
- ☐ Investment

Definition

when the mix of goods produced represents the mix that society most desires

- ☐ **Marginal Efficiency**
- ☐ **Allocative Efficiency**
- ☐ **Marginal Benefit**
- ☐ **Scarcity**

Definition

Measures the size of total production in an economy

- ☐ **Gross Domestic Product (GDP)**
- ☐ **Consumer Price Index (cpi)**
- ☐ **Net National Product (nnp)**
- ☐ **Gross National Income (gni)**

Term**Market**

- ☐ **interaction between potential buyers and sellers; a combination of demand and supply**
- ☐ **a place where only services are sold**
- ☐ **a place where only goods are sold**
- ☐ **shows how households and firms interact in the goods and services market, and in the labor market**

Definition

The way in which different workers divide required tasks to produce a good or service

- ☐ **Division of Labor**
- ☐ **Private Enterprise**
- ☐ **Scarcity**
- ☐ **Globalization**

Term**Scarcity**

- ☐ **human wants for goods, services, and resources exceed what is available**
- ☐ **economic decisions are decentralized, private individuals own resources and businesses supply goods and services based on supply demands**
- ☐ **the study of how humans make decisions in the face of scarcity**
- ☐ **typically an agricultural economy where things are done the same as they have always been done**

Term

Specialization

- the branch of economics that focuses on broad issues such as growth, unemployment, inflation, and trade balance
- the private individuals or groups of private individuals own and operate the means of production (resources and businesses)
- when workers or firms focus on particular tasks for which they are well-suited within the overall production process
- The trend in which buying and selling in markets have increasingly crossed national borders

Term**Traditional Economy**

- ☐ typically an agricultural economy where things are done the same as they have always been done
- ☐ an economy where economic decisions are made by the government
- ☐ an economy where economic decisions are made by private individuals
- ☐ an economy where economic decisions are made by international organizations

Term

Market Economy

- ☐ Economic decisions are decentralized, private individuals own resources and businesses supply goods and services based on supply demands
- ☐ Economic decisions are made by the government.
- ☐ Typically an agricultural economy where things are done the same as they have always been done
- ☐ The private individuals or groups of private individuals own and operate the means of production (resources and businesses)

Term

Imports

- ☐ human wants for goods, services, and resources exceed what is available
- ☐ when a country can produce a good at a lower opportunity cost than another country
- ☐ the goods and services that are produced abroad and then sold domestically
- ☐ the private individuals or groups of private individuals own and operate the means of production (resources and businesses)

Definition

For as many goods as the level of production increases, the average cost of producing each individual unit declines

- ☐ **Fiscal Policy**
- ☐ **Monetary Policy**
- ☐ **Diseconomies of Scale**
- ☐ **Economics of Scale**

Term

Productive Efficiency

- ☐ when a country can produce a good at a lower opportunity cost than another country
- ☐ When it is possible to produce more of one good without decreasing the quantity produced of another
- ☐ shows how households and firms interact in the goods and services market, and in the labor market
- ☐ when the mix of goods produced represents the mix that society most desires

Definition

concept that individuals' self-interested behavior can lead to positive social outcomes

- ☐ Invisible Hand
- ☐ Globalization
- ☐ Comparative Advantage
- ☐ Theory

Term**Comparative Advantage**

- ☐ when a country can produce a good at a lower opportunity cost than another country
- ☐ when the mix of goods produced represents the mix that society most desires
- ☐ The way in which different workers divide required tasks to produce a good or service
- ☐ When it is possible to produce more of one good without decreasing the quantity produced of another