

chapter three quiz**Multiple Choice**

Identify the letter of the choice that best completes the statement or answers the question.

- _____ 1. Which of the following is a private organization that attempts to influence public officials to act or vote in ways that will benefit the group's members?
- a. market research group
 - b. free enterprise group
 - c. public policy group
 - d. interest group
- _____ 2. Why does the government use its powers to make sure that businesses disclose so much information to the public?
- a. to make buyers more knowledgeable and safer
 - b. to make it hard for businesses to make an excess profit
 - c. to make it easier for consumers to save money
 - d. to make it easy for businesses to have good information
- _____ 3. What does the Temporary Assistance for Needy Families program provide?
- a. retirement income for the elderly
 - b. cash to the states to help run their welfare programs
 - c. compensation to all who lose jobs
 - d. cash to workers injured on the job
- _____ 4. What best describes the role of government in a free enterprise system?
- a. Control business activities.
 - b. Decide what companies will be formed and then allow the managers to run them.
 - c. Allow individuals to operate their businesses in ways they think will maximize their profits.
 - d. Require companies to disclose information to consumers.
- _____ 5. What effect does new technology usually have on an economy?
- a. It makes the economy stronger and more efficient.
 - b. It reduces the dependence of the economy on business.
 - c. It slows an economy down for at least a while.
 - d. It reduces the available jobs.
- _____ 6. Which of the following is a critical rule for determining whether something is a public good?
- a. The benefit to each individual who uses the facility is greater than the cost.
 - b. The benefits of the facility are greater for the society than for the individuals using it.
 - c. The total benefits to society are greater than the total cost.
 - d. The total cost is small for each individual taxpayer.
- _____ 7. What protections does OSHA give to people in the United States?
- a. regulations on workplace safety and information about hazards in the workplace
 - b. consumer protection in buying foods
 - c. regulations about clean environment
 - d. protection for certain key industries such as logging

- _____ 9. Assume that the poverty threshold for a single parent with one child is \$11,869 per year. Katrina is a single mother who works 40 hours per week. What hourly wage does she need to earn in order to rise above the poverty threshold?
 - a. \$5.71
 - b. \$5.15
 - c. \$5.47
 - d. \$5.07
- _____ 10. You read an article in a news magazine that explains how the economy expanded for several years, then went into a period of contraction. What was the subject of this article?
 - a. the gross domestic product
 - b. microeconomics
 - c. the business cycle
 - d. voluntary exchange
- _____ 11. To stabilize the economy, policymakers try to achieve three main outcomes: high employment, steady growth, and
 - a. technological advancement.
 - b. stable prices.
 - c. competition.
 - d. consumer confidence.
- _____ 12. Why does the government protect inventors and authors by offering them patents and copyrights?
 - a. to encourage free trade
 - b. to promote innovation
 - c. to regulate the business cycle
 - d. to strengthen American culture
- _____ 13. Each payday, some of your pay is withheld as payroll deductions for Social Security. What happens to the money that is withheld?
 - a. It is redistributed as cash transfers to workers who are injured on the job.
 - b. It is put into an account under your name to earn interest until you retire.
 - c. It is used to provide medical benefits to Americans over 65.
 - d. It is redistributed as cash transfers to elderly and disabled people.

Matching

Identifying Key Terms

Match each term with the correct statement below.

- a. gross domestic product
 - b. free rider
 - c. public interest
 - d. private sector
 - e. in-kind benefits
 - f. macroeconomics
 - g. poverty threshold
 - h. public disclosure laws
- _____ 14. the study of the behavior and decision making of entire economies
 - _____ 15. an income level below that which is needed to support families or households
 - _____ 16. the part of the economy that involves the transactions of individuals and businesses
 - _____ 17. goods and services provided by the government for free or at greatly reduced prices
 - _____ 18. someone who would not choose to pay for a certain good or service, but who would get the benefits of it anyway if it were provided as a public good
 - _____ 19. requirements for companies to provide full information about their products
 - _____ 20. the concerns of the people as a whole
 - _____ 21. the total value of all final goods and services produced in a particular economy

Name: _____

ID: A

Identifying Key Terms

Match each term with the correct statement below.

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|-------------------|----------------------|
| a. market failure | e. welfare |
| b. microeconomics | f. poverty threshold |
| c. public policy | g. business cycle |
| d. externality | h. interest group |

- _____ 22. government aid to the poor
- _____ 23. a situation in which goods are not fairly distributed
- _____ 24. the study of the economic behavior and decision making of small units such as families, individuals, or businesses
- _____ 25. an income level below that which is needed to support families or households
- _____ 26. a period of macroeconomic expansion followed by a period of contraction
- _____ 27. a private organization that tries to persuade public officials to act or vote in a certain way
- _____ 28. laws and standards on topics of public interest