**Unit Review**

**Chapter 3 Review**

\_\_\_\_\_\_\_\_ 1. struggle among sellers to attract consumers

 \_\_\_\_\_\_\_\_ 2. economic action done or brought about by free choice

 \_\_\_\_\_\_\_\_ 3. driving force that encourages people to improve their material well-being

 \_\_\_\_\_\_\_\_ 4. market economy in which people freely carry on economic affairs but are subject to some government regulation

\_\_\_\_\_\_\_\_ 5. someone who organizes and manages land, capital, and labor to make a profit

 \_\_\_\_\_\_\_\_ 6. economic system with a combination of command, traditional, and market economies \_\_\_\_\_\_\_\_ 7. the role of the consumer as ruler of the market

 \_\_\_\_\_\_\_\_ 8. lowest legal wage that can be paid to most workers

 \_\_\_\_\_\_\_\_ 9. federal program retirement benefit that covers most working people

 \_\_\_\_\_\_\_\_ 10. rise in the general level of prices

A. mixed economy

B. minimum wage

C. inflation

D. Social Security

E. consumer sovereignty F. competition

G. entrepreneur H. voluntary exchange

I. profit motive

J. modified free enterprise economy

\_\_\_\_\_\_\_\_ 11. One of the characteristics of a capitalist free enterprise economy is \_\_\_\_\_\_\_ .

A. the minimum wage C. voluntary exchange B. consumerism D. central planning

\_\_\_\_\_\_\_\_ 12. The economic system of the United States is considered a \_\_\_\_\_\_\_ .

A. free market capitalist economy C. socialist economy B. command economy D. traditional economy

 \_\_\_\_\_\_\_\_ 13. \_\_\_\_\_\_\_ protect consumers against harm from products on the market.

A. Franchises C. Private property rights B. Profit motives D. Government regulations

 \_\_\_\_\_\_\_ 14. Which of the following is largely responsible for the growth of a free enterprise system?

 A. government C. Gross Domestic Product B. profit motive D. market efficiency

 \_\_\_\_\_\_\_ 15. Consumers in a free enterprise economy ultimately determine \_\_\_\_\_\_\_ to produce.

 A. when C. what B. how D. where

\_\_\_\_\_\_\_ 16. Markets in the free enterprise system are seldom regulated by \_\_\_\_\_\_\_ .

A. businesses C. consumers B. the government D. entrepreneurs

\_\_\_\_\_\_\_ 17. The four factors of production are land, labor, capital, and \_\_\_\_\_\_\_ .

 A. entrepreneurs C. inflation B. franchises D. the government

 \_\_\_\_\_\_\_ 18. A general rise in the level of prices over time is known as \_\_\_\_\_\_\_ .

A. a catalyst C. profit B. voluntary exchange D. inflation

\_\_\_\_\_\_\_ 19. What have some states done to protect workers from adverse economic events such as layoffs and illnesses?

A. They set up support groups. B. They set up unemployment compensation programs. C. They provided every worker with insurance. D. They gave workers more time off.

 \_\_\_\_\_\_\_ 20. Economic equity means that it is illegal to discriminate on the basis of age, sex, race, religion, or \_\_\_\_\_\_\_ .

1. income C. disability B. status D. political views

**Chapter 2 Review**

A. capital-intensive

B. collectivization

C. communism

D. European Union (EU)

E. Great Depression

F. market

G. mixed economy

H. population density

I. socialism

J. voucher

1. \_\_\_\_\_ system in which government owns and controls some factors of production

2. \_\_\_\_\_ mechanism through which buyers and sellers of an economic product or service come together 3. \_\_\_\_\_ system that has some combination of traditional, command, and market economies

4. \_\_\_\_\_ worst period of economic decline in U.S. history, lasting from approximately 1929 to 1939

5. \_\_\_\_\_ economic and political system in which factors of production are owned and directed by the state

6. \_\_\_\_\_ certificate used to purchase government-owned property during privatization

7. \_\_\_\_\_ forced common ownership of factors of production

8. \_\_\_\_\_ requiring large amounts of investment in equipment in relation to labor

9. \_\_\_\_\_ number of people per square mile of land area

10. \_\_\_\_\_ successor of the European Coal and Steel Community, established in 1993.

\_\_\_\_\_\_\_ 11. Which of these statements describes a disadvantage of a traditional economy?

 A. Everyone knows his or her role. B. New ways of doing things are encouraged. C. New ways of doing things are discouraged. D. Difficult economic decisions are made by the state.

\_\_\_\_\_ 12. Which of these economic systems have the least in common?

A. market economy and capitalism B. command economy and socialism C. command economy and capitalism D. free-enterprise economy and market economy

\_\_\_\_\_\_\_ 13. Which of these statements is descriptive of a market economy?

A. Most media is state-owned and operated. B. The government determines what is produced and by whom. C. Major economic decisions are made for individuals, not by them. D. Major economic decisions are made by individuals, not for them.

\_\_\_\_\_\_\_ 14. In which of these systems is the government most likely to provide people with goods and services they could not otherwise afford?

A. a market economy C. a traditional economy B. a socialist economy D. a free-enterprise economy

\_\_\_\_\_\_\_ 15. Which of these helps explain why mixed economies develop?

A. People become unhappy with aspects of their current economy. B. People are seldom exposed to the ideas and technologies of other cultures. C. Government control of an economy tends to make a nation more prosperous. D. Government control of an economy leads to a diversity of economic approaches.

\_\_\_\_\_\_\_ 16. Which of these countries has an economy most similar to that of the former Soviet Union? A. Sweden C. South Korea B. Norway D. North Korea

 \_\_\_\_\_\_\_ 17. Which of the following is a feature of a command economy that distinguishes it from a socialist economy?

A. All production is managed by the government. B. All economic decisions are made by the free market. C. All economic decisions are based on custom and habit. D. Some degree of private ownership and activity is allowed.

 \_\_\_\_\_\_\_ 18. In a transitioning economy, why would privatization tend to raise a nation’s overall standard of living?

 A. People are less likely to assume the risks of entrepreneurship. B. It places the means of production in the hands of the government. C. People are more likely to be productive when it benefits them personally. D. It places a nation’s ruling class in a position to administer the economy efficiently.

\_\_\_\_\_\_\_ 19. Which of the following is a cause of struggle in the process of privatization?

A. People must adjust to government control of their economy. B. People must decide how best to get along without a free market. C. People must adjust to the costs and risks that are part of capitalism. D. People must become used to no longer owning their own homes and businesses.

 \_\_\_\_\_\_\_ 20. Which of these is the most striking example of the costs and risks of pure capitalism?

1. the Gosplan B. the Five-Year-Plan C. the Great Depression D. the Great Leap Forward

**Chapter One Review**

\_\_\_\_\_\_\_ 1. each worker learns one task very well

\_\_\_\_\_\_\_ 2. quality of life

\_\_\_\_\_\_\_ 3. represents the range of production possibilities

\_\_\_\_\_\_\_ 4. where all of the factors of production are bought and sold

 \_\_\_\_\_\_\_ 5. a fundamental problem in every society

\_\_\_\_\_\_\_ 6. measures a country’s output and economic health

 \_\_\_\_\_\_\_ 7. manufactured good used to produce other goods or services

 \_\_\_\_\_\_\_ 8. food is an example of one

 \_\_\_\_\_\_\_ 9. reliance on others to produce goods and services we need

 \_\_\_\_\_\_\_ 10. movement that promoted the rights of buyers

A. scarcity

B. nondurable goods

C. gross domestic product

D. capital good

E. production possibilities curve

F. consumerism

G. specialization

H. economic interdependence

I. standard of living

*J*. factor market

\_\_\_\_\_\_\_ 11. Paradox of value refers to the

A. high value of an essential item and the low value of a nonessential item. B. high value of a nonessential item and the low value of an essential item. C. contradiction of what consumers want and what they need. D. contradiction between gross domestic product and market value.

 \_\_\_\_\_\_\_ 12. A nation’s wealth is determined by its A. accumulation of all tangible and intangible resources. B. natural resources. C. accumulation of all tangible products. D. product possibilities frontier.

\_\_\_\_\_\_\_ 13. The most comprehensive measure of a nation’s wealth is provided by its

A. gross domestic product. C. product possibilities curve. B. TINSTAAFL rating. D. capital goods.

\_\_\_\_\_\_\_ 14. Which of the following statements best describes the purpose of the production possibilities curve? A. It predicts the future production of a nation. B. It identifies trends in production. C. It shows which products are most profitable. D. It identifies all possible combinations of goods and services an economy can produce.

 \_\_\_\_\_\_\_ 15. Which of the following descriptions best explains the meaning of opportunity cost?

A. the initial cost of starting a new business B. the cost of business failure C. the cost of choosing one alternative over another D. the risk associated with producing a new item

 \_\_\_\_\_\_\_ 16. Consumers waiting in long lines for a new product is an example of

A. consumerism. C. consumer responsibilities. B. consumer rights. D. scarcity.

\_\_\_\_\_\_\_ 17. When a nation’s total output increases over time, the nation is experiencing

A. a decrease in gross domestic product. B. economic growth. C. economic interdependence. D. an expansion of the possibilities curve.

\_\_\_\_\_\_\_ 18. The efficient use of scarce resources leads to an increase in

A. productivity. C. scarcity. B. investment. D. capital.

\_\_\_\_\_\_\_ 19. When a business needs to decide whether a certain action is worth the cost, the most helpful analysis would be a(n)

A. production possibility comparison. C. economic model. B. cost-benefit analysis. D. needs assessment.

\_\_\_\_\_\_\_ 20. The study of economics involves

A. explaining how people deal with scarcity. B. studying how things are made, bought, sold, and used. C. explaining how incomes are earned and how jobs are created. D. all

**I will use 40 of these questions on the Unit Test For Monday 21st**