

## 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
  
- 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
  
- 3) \_\_\_\_\_ means producing the maximum possible output from available resources.
  - A) Maximization
  - B) Productivity
  - C) Efficiency
  - D) Equilibrium
  
- 4) A shift outward of the production possibilities frontier reflects economic \_\_\_\_\_.
  - A) growth
  - B) weakness
  - C) stability
  - D) retraction
  
- 5) \_\_\_\_\_ focuses on the performance of the economy as a whole
  - A) Macroeconomics
  - B) Microeconomics
  - C) Gross national product
  - D) Gross domestic product
  
- 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

- 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.
- 8) Trade restrictions usually \_\_\_\_\_.  
A) benefit domestic consumers  
B) increase imports  
C) lower tariffs  
D) benefit domestic producers
- 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
- 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
- 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
- 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

- 13) Disposable income is \_\_\_\_\_.  
A) income before taxes  
B) extra income  
C) inflated income  
D) income after taxes
- 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
- 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

- 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