

## ECONOMICS TEST 1 ANSWERS

### PART 1

1. C
2. A
3. D
4. C
5. B
6. A
7. C
8. B
9. D
10. A

### PART 2

1. Economics
2. Demand
3. Supply
4. Command
5. Market/ Free-Market
6. Traditional
7. income
8. Fiscal Policy
9. Resources
10. Mixed

### PART 3

1. G
2. G
3. S
4. G
5. S
6. S
7. G
8. S
9. S
10. G

### PART 4

1. U/R
2. U/L/R
3. L
4. L
5. U/R
6. L
7. L
8. U
9. U/R
10. L

### PART 5

1. C
2. H
3. N
4. N
5. H
6. C
7. H
8. C
9. N
10. N

### PART 6

1. If Price goes up, so does supply and if price goes down, so does supply. The supply is how much the producer is willing to produce.  
(PSS) - Price Same as Supply
2. If Price goes up, demand goes down and if Price goes down, demand goes up.  
(POD) - Price Opposite Demand
3. See packet
4. Supply down, price up
5. Supply down, price up
6. Supply up, price down
7. Demand high, supply up, price down
8. Supply same, demand down, price down
9. Supply down, Demand Up, Price up
10. Supply up, price down

### PART 7

1. Capital, Land, Labor, and Entrepreneurship
2. Can include - Trade, Business, and Investment
3. When supply equals demand and there is an agreement between the consumer and producer.
4. If a country has a lot of resources it has a better chance of being wealthy.
5. Opinion - explain
6. They work the same at the same time - one is bad, so is the other and vice versa.

- 7. Fiscal Policy is how the gov. taxes and spends money. Monetary policy is monitoring the amt. of money in circulation. The Fed can raise interest rates as part of the monetary policy to get the money out of circulation.**
- 8. Peak - raise rates (monetary) or raise taxes (fiscal) - to prevent a drastic decline**
- 9. Recession - spend money or cut taxes (fiscal) - help get out of recession and help get production going again.**
- 10. It can help prolong a peak or shorten a recession.**
- 11. The New Deal, which set up the FDIC and Social Security.**
- 12. Opinion and explain.**