

Name: \_\_\_\_\_ Date: \_\_\_\_\_ Period: \_\_\_\_\_

Economics Test 1 - Chapter 18, Sections 1 and 2 and  
Chapter 19 Section 1

**Section I - Multiple Choice:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

**Section IV - Matching:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

**Section II - Fill in the blank:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

**Section V - Matching:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

**Section III - Matching:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

# Economics Test 1 - Chapter 18, Sections 1 and 2 and Chapter 19 Section 1

Please put all your answers in the correct spot on the answer sheet.

Section 1 - Multiple Choice - Choose the best possible answer.

1. Two examples of needs are
  - A. cars and clothing
  - B. jewelry and shelter
  - C. clothing and shelter
  - D. cars and shelter
  
2. Two examples of wants are
  - A. cars and a Computer
  - B. jewelry and clothing
  - C. food and cars
  - D. shelter and a computer
  
3. The main economic problem is
  - A. supply
  - B. demand
  - C. production
  - D. scarcity
  
4. If the price of a good is high, and the demand is low then the price will
  - A. stay the same
  - B. increase
  - C. decrease
  - D. disappear
  
5. During the expansion phase of the business cycle, what happens?
  - A. Businesses sales drop and they cut the amount of jobs
  - B. Businesses start doing better and they hire more people.
  - C. Businesses expand their choice of products.
  - D. Businesses are doing very well and don't need to change anything.
  
6. Which of the following was set up because of the Great Depression?
  - A. The FDIC
  - B. The Federal Reserve
  - C. A Command Economy
  - D. A Laissez-Faire approach to the economy

7. The Social Security Fund was started to
- A. provide security throughout the U.S.
  - B. make sure you don't go bankrupt.
  - C. provide income to people who are retired.
  - D. provide security when you are at the bank.
8. Inflation hits people with fixed incomes hard because
- A. as the price goes up, the income becomes too high.
  - B. as the price goes up, the income stays the same.
  - C. they might blow up like a balloon.
  - D. they need to inflate their tires much more often.
9. The government tries to control inflation to make sure
- A. there is sometimes a decline in the standard of living
  - B. it is the same as supply and demand.
  - C. it is the same as interest rates.
  - D. there isn't a decline in the standard of living.
10. Company's do what to get goods to consumers?
- A. Marketing
  - B. They send them in the mail.
  - C. They produce the product.
  - D. They lower the price so consumers buy it.

Section II - Fill in the blank.

1. \_\_\_\_\_ is the study of how things are made bought sold and used.
2. \_\_\_\_\_ is the amount of a good or service that consumers are willing to buy.
3. \_\_\_\_\_ is the amount of a good or service available to consumers.
4. In a \_\_\_\_\_ economic system, decisions are made by the government.
5. \_\_\_\_\_ economic systems are mainly affected by what the consumers want to buy.
6. In a \_\_\_\_\_ economic system, things are done as they have always been done.
7. Money earned is called \_\_\_\_\_.

8. \_\_\_\_\_ is the way the government taxes citizens and spends money.
9. \_\_\_\_\_ are needed for producing goods and services.
10. In a \_\_\_\_\_ economy, both her government and consumers take part in the decision making process.

Section III - Matching - Goods and Services - Put a **G** on the line if it is a **good** and an **S** if it is a **service**.

1. Soda
2. Car
3. Car repair
4. Books
5. Handyman
6. Policeman
7. Computer
8. Teacher
9. Painters
10. Paint

Section IV - Matching - Limited, Unlimited, and Renewable Resource - Put an **L** on the line if it is a **limited resource**, a **U** if it is an **unlimited resource** and an **R** if it is a **renewable resource**. You can put more than one for a resource.

1. Sun
2. Trees
3. Oil
4. Plastic
5. Wheat
6. Water
7. Iron
8. Humans
9. Air
10. Earth

Section V - Matching - Capital, Human and Natural Resources - Put an **C** on the line if it is a **capital resource**, a **H** if it is an **human resource** and an **N** if it is a **natural resource**.

1. Airplane
2. Pilot
3. Gas
4. Grain
5. Farmer
6. Factory
7. Principal
8. School Building
9. Water
10. Sunshine

Section VI - Supply and Demand - Write the answers right below the question

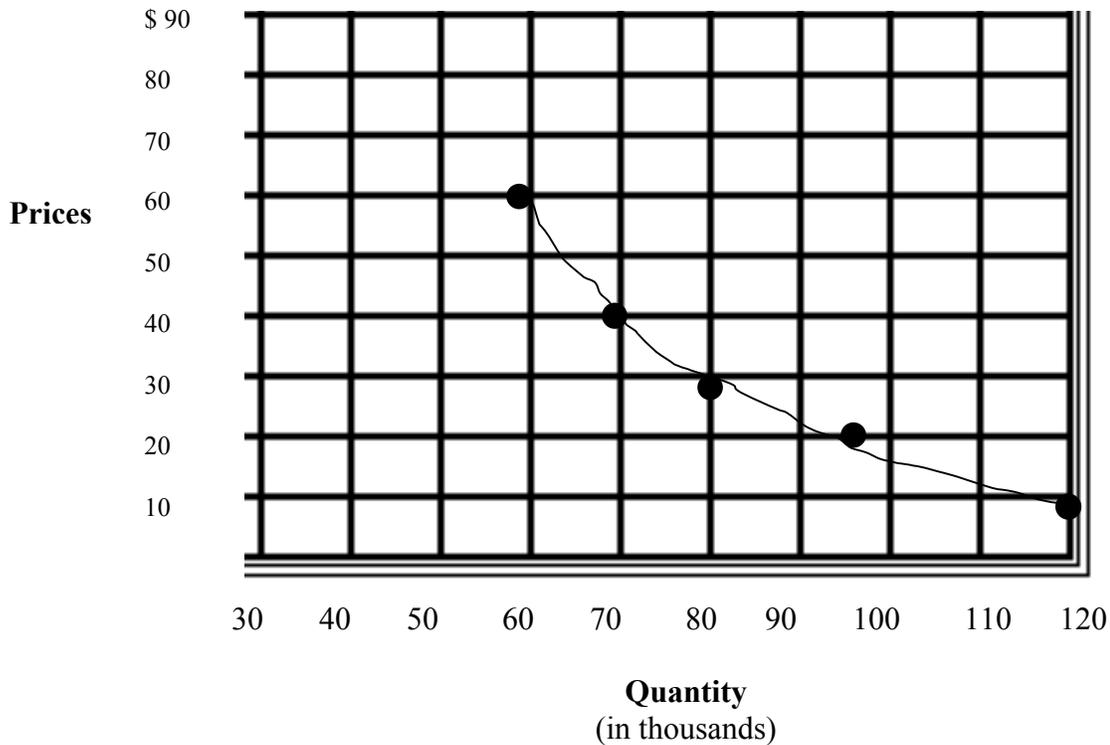
1. What is the law of supply?

2. What is the law of demand?

3. Use the Table to plot the points on the graph. Connect them and put a star on the equilibrium point.

**SUPPLY SCEHDULE FOR SNEAKERS**

At a Price of	Producers Would Be Willing to Produce and Sell (Quantity in Thousands)
\$10	50
\$20	70
\$30	80
\$40	88
\$50	93
\$60	96
\$70	97



For #'s 4-10 - Indicate what happens to the price compared to the supply and or demand.

4. The oil producing countries have decided to reduce the production of crude **oil**.

5. The **lettuce** crop cannot reach the grocery stores due to the truckers' strike.
  
6. **Cherries** will flood the market in mid-summer.
  
7. **iPods** have become a fad and almost every young person would like to but one.
  
8. The summer stock of **bathing suits** has not decreased in late August.
  
9. There are more **plumbing repairs** to be done than there are plumbers.
  
10. Many companies have discovered better ways of making small, home-use **computers**.

#### Section VII - Short Answers

1. What are the four factors of production? Explain what each is if necessary.
  - 1.
  - 2.
  - 3.
  - 4.

2. What are three of your economic freedoms?
  - 1.
  - 2.
  - 3.
3. What is the equilibrium point?
4. How can a supply of resources affect a country's economy?
5. What type of economics system provides the most stable economy?
6. How does the business cycle affect the economy?
7. What is the difference between fiscal policy and monetary policy?
8. When would the government use fiscal or monetary policy in the business cycle? Why?
9. How does the government protect depositors' savings in banks?

10. What can fiscal and monetary policy do to regulate the nation's economy?

11. What helped us get out the Great Depression?

12. Do you think the laissez-faire approach to business is good for individuals and small companies? Explain.