

1. “Ours is a country where people . . . can attain to the most elevated positions or acquire a large amount of wealth . . . according to their talents, prudence, and personal exertions.”

This quotation most clearly supports the idea that

- A. the United States has a centrally controlled economic system
- B. economic collectivism is part of American life
- C. regulated capitalism restricts private initiative
- D. upward social mobility and the work ethic are closely related

2. The major economic decisions in the United States today are made by
 - A. the unrestricted operation of laws of supply and demand
 - B. the interaction of producers, consumers, and government
 - C. a central planning committee
 - D. labor union leadership

3. The United States is considered to have a mixed economy because the economy includes
 - A. domestic and foreign markets for American-made goods
 - B. private businesses and some government regulation of business
 - C. agricultural and industrial production
 - D. public ownership of the means of production

4. In United States history, the Federal Government has often pursued economic protectionism by the use of

A. import tariffs

B. export quotas

C. free trade

D. interstate tariffs

5. According to the theory of laissez-faire capitalism, prices of products are determined by the
- A. interaction of supply and demand
 - B. cost of producing the products
 - C. government
 - D. bankers

6. Which conditions are most characteristic of an economic depression?
- A. high unemployment and overproduction
 - B. large business investments and low taxes
 - C. too much money in circulation and high stock prices
 - D. high employment and increased real estate investments

7. Which economic policy argues that government should limit, as much as possible, any interference in the economy?

A. socialism

B. laissez-faire

C. mercantilism

D. protectionism

8. Which is characteristic of both democracy and capitalism?

A. guarantees of a high standard of living

B. equality among people

C. very limited competition

D. considerable individual choice

9. When the Federal Reserve Board lowers interest rates, it is most likely attempting to
- A. stimulate consumer spending
 - B. lower prices
 - C. encourage saving
 - D. reduce investment

1.
Answer: D
2.
Answer: B
3.
Answer: B
4.
Answer: A
5.
Answer: A
6.
Answer: A
7.
Answer: B
8.
Answer: D
9.
Answer: A