

1. Base your answer to the following question on the cartoon below and on your knowledge of social studies.



If consumers follow the advice given in the cartoon, which is most likely to be a direct result?

- A. an increase in government spending      B. an increase in production  
C. a decrease in employment                  D. a decrease in foreign trade

2. The basic problem that all economic systems must deal with is the issue of

A. automation

B. monopoly

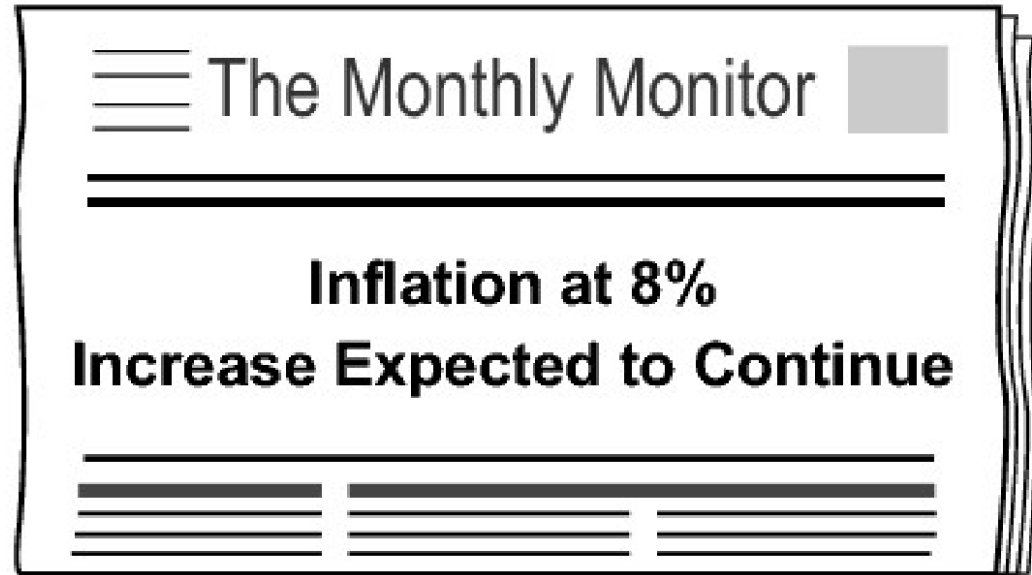
C. scarcity

D. profit

3. One reason that the large multinational corporations are extremely powerful today is that they
- A. control most of the political decisions of oil-producing nations
  - B. cannot be totally regulated by any one political authority
  - C. dominate United States Government tax policies
  - D. produce most of the world's food crops

4. How do banks make it easier for people to buy and sell goods?
- A. By printing money
  - B. By providing checking accounts
  - C. By collecting property taxes
  - D. By charging late fees

5.



Which strategy would give consumers more purchasing power during a period of increasing inflation?

- A. Borrowing money if interest rates are lower than the inflation rate
- B. Putting money into savings if the interest rates are lower than the inflation rate
- C. Buying necessities and excluding other expenditures until the inflation rate drops
- D. Delaying purchases in order to save and pay in cash when the inflation rate drops

6. Customers in most stores are *not* able to make a purchase by

A. writing a check.

B. using a credit card.

C. paying with money.

D. trading other items.

7. Jean has \$5.00 to buy either a ticket to see a new movie or a ticket to the rodeo in town. She decides to buy the ticket to the movie. What is Jean's *opportunity cost*?
- A. giving up the rodeo
  - B. deciding how to spend the \$5.00
  - C. getting to go to the movie
  - D. spending the \$5.00

8. When you purchase an ice cream cone, you are a

- A. consumer.   B. producer.   C. trader.   D. marketer.



9. When the price of gasoline goes up, what will the airlines do to continue to earn a profit?
- A. increase the prices of tickets
  - B. increase the pay of their employees
  - C. decrease the prices of tickets
  - D. decrease the number of seats on the airplanes

10. Which of these is the *best* example of a store that specializes?

A. a shoe store

B. a grocery store

C. a thrift store

D. a department store

11. Increased productivity in business contributes to

A. lower wages.

B. a decreased risk for business.

C. economic growth.

D. a reduced supply of goods.

12. When people borrow money from a bank, they pay back the amount borrowed plus

- A. principal.    B. taxes.    C. interest.    D. savings.

13. When a news report says that the consumer price index has risen, it means that the
- A. stock market has experienced a profitable period.
  - B. cost of many goods and services has increased.
  - C. gross domestic product has decreased.
  - D. economy has experienced deflation.

14. Currency, as a means of exchange, was made possible by which historical development?
- A. domestication of animals
  - B. creation of stable systems of government
  - C. formation of permanent hunter-gatherer societies
  - D. development of religions based on a belief in a single god

1.  
Answer: B
2.  
Answer: C
3.  
Answer: B
4.  
Answer: B
5.  
Answer: A
6.  
Answer: D
7.  
Answer: A
8.  
Answer: A
9.  
Answer: A
10.  
Answer: A
11.  
Answer: C
12.  
Answer: C
13.  
Answer: B
14.  
Answer: B