

**Civics - Chapter 18 Review****Multiple Choice**

Identify the choice that best completes the statement or answers the question.

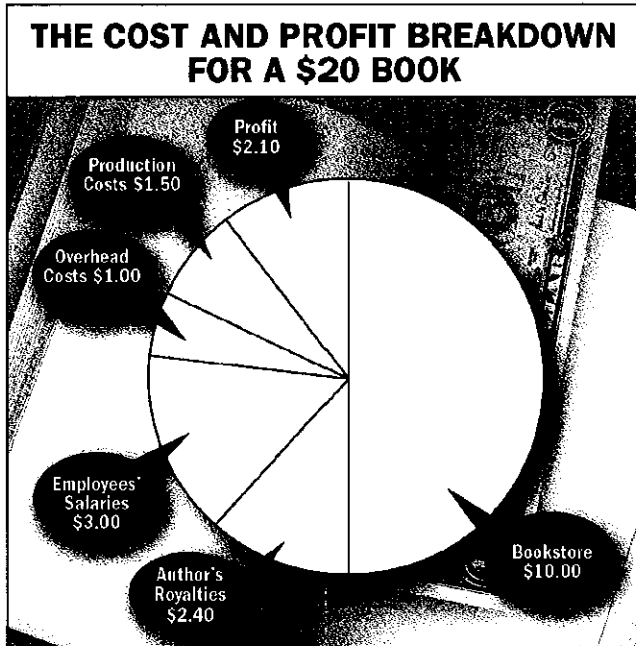
- \_\_\_\_\_ 1. Food, clothing, and shelter are examples of  
a. wants. c. needs.  
b. trade-offs. d. incentives.
- \_\_\_\_\_ 2. What occurs when we lack the resources to produce the things we want?  
a. wants c. marginal benefit  
b. scarcity d. free enterprise
- \_\_\_\_\_ 3. Economics is sometimes called the science of  
a. decision making. c. economic models.  
b. supply and demand. d. cost-benefit analysis.
- \_\_\_\_\_ 4. The \_\_\_\_\_ cost is what you cannot buy or do when choosing to do one thing rather than another.  
a. incentive c. rational  
b. marginal d. opportunity
- \_\_\_\_\_ 5. \_\_\_\_\_ costs are expenses that increase as production grows.  
a. Fixed c. Variable  
b. Marginal d. Total
- \_\_\_\_\_ 6. The added cost of producing one additional unit is the \_\_\_\_\_ cost.  
a. marginal c. variable  
b. fixed d. unit
- \_\_\_\_\_ 7. A \_\_\_\_\_ requires you to compare the marginal costs and the marginal benefits of a decision.  
a. trade-off c. free enterprise  
b. cost-benefit analysis d. rational choice
- \_\_\_\_\_ 8. In a \_\_\_\_\_ system, private citizens own most, if not all, of the means of production.  
a. market c. federalized  
b. capitalist d. socialist
- \_\_\_\_\_ 9. \_\_\_\_\_ are rewards offered to try to get people to take certain economic actions.  
a. Profits c. Incentives  
b. Marginal benefits d. Trade-offs
- \_\_\_\_\_ 10. \_\_\_\_\_ revenue is the change in total revenue that results from selling one more unit of output.  
a. Residual c. Flux  
b. Marginal d. Actual
- \_\_\_\_\_ 11. What is the study of how we make decisions in a world where resources are limited?  
a. capitalism c. economic model  
b. economics d. cost-benefit analysis





22. The teen in the cartoon strip has confused \_\_\_\_\_

- a. a want with a need.
- b. music with a sport.
- c. a luxury with a responsibility.
- d. recreation with work.



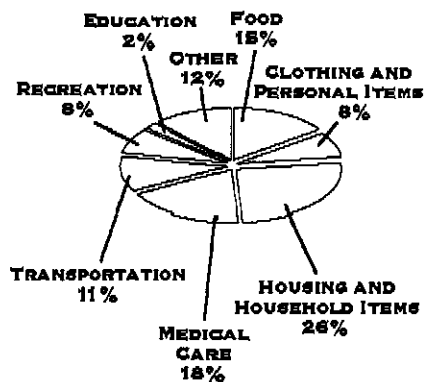
23. How much of the \$20.00 cost of one book is spent on its production?

- a. \$1.50
- b. \$10.00
- c. \$2.10
- d. \$3.00





24. Which cost is represented by the largest part of the pie?

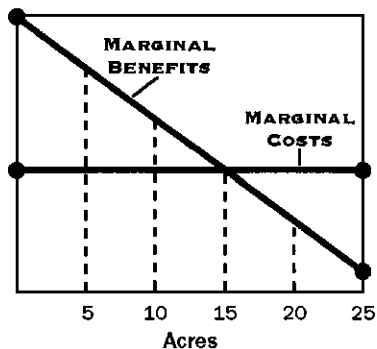
- a. profit
- b. bookstore
- c. author's royalties
- d. overhead costs




Source: U.S. Department of Commerce.

25.  According to the title, the graph shows the portion of U.S. spending that comes from \_\_\_\_\_
- a. all educators.
  - b. only recreation centers.
  - c. banks.
  - d. ordinary people.

26.  According to the graph, the average consumer devotes nearly what part of his or her spending to medical needs?
- a. one-fifth
  - b. one-tenth
  - c. 1 percent
  - d. 10 percent



27.  According to the Cost-Benefit Analysis, if the farmer decides to farm 20 more acres, what will be most likely to occur?
- a. The marginal cost will exceed the marginal benefit.
  - b. The marginal benefit will exceed the marginal cost.
  - c. The marginal benefit and marginal cost will decrease.
  - d. The marginal benefit and marginal cost will increase.

## 13 Multiple choice questions

1. the driving force that encourages individuals and organizations to improve their material well-being
  - a. productivity
  - b. profit
  - c. profit motive
  - d. product market
  
2. profit
  - a. the money a business receives for its products or services over and above its costs
  - b. resources necessary to produce goods and services
  - c. a market where producers offer goods and services for sale
  - d. human effort directed toward producing goods and services
  
3. a system in which private citizens own most, if not all, of the means of production and decide how to use them within legislated limits
  - a. capital
  - b. profit
  - c. competition
  - d. capitalism
  
4. previously manufactured goods used to make other goods and services
  - a. profit
  - b. capital
  - c. capitalism
  - d. labor
  
5. tangible product that we use to satisfy our wants and needs
  - a. good
  - b. labor
  - c. market
  - d. profit
  
6. the breaking down of a job into separate, smaller tasks to be performed individually
  - a. factor market
  - b. labor
  - c. standard of living
  - d. division of labor

7. individual who starts a new business, introduces a new product, and improves a management technique
  - a. profit
  - b. market
  - c. service
  - d. entrepreneur
  
8. voluntary exchange
  - a. human effort directed toward producing goods and services
  - b. a reliance on others, as they rely on you, to provide goods and services to be consumed
  - c. the act of buyers and sellers freely and willingly engaging in market transactions
  - d. resources necessary to produce goods and services
  
9. Gross Domestic Product (GDP)
  - a. total dollar value of all final goods and services produced in a country during a single year
  - b. a market where producers offer goods and services for sale
  - c. free and willing exchange of goods and services between buyers and sellers
  - d. tangible product that we use to satisfy our wants and needs
  
10. specialization
  - a. resources necessary to produce goods and services
  - b. human effort directed toward producing goods and services
  - c. previously manufactured goods used to make other goods and services
  - d. when people, businesses, regions, and/or nations concentrate on goods and services that they can produce better than anyone else
  
11. work performed by a person for someone else
  - a. capital
  - b. service
  - c. profit
  - d. market
  
12. laissez-faire economics
  - a. a market where productive resources are bought and sold
  - b. economic system in which government should not interfere in the marketplace
  - c. work performed by a person for someone else
  - d. tangible product that we use to satisfy our wants and needs

13. the struggle that goes on between buyers and sellers to get the best products at the lowest prices
- productivity
  - capital
  - competition
  - capitalism

## 12 True/False questions

1. standard of living → the material well-being of an individual, group, or nation measured by how well their necessities and luxuries are satisfied

True    False

2. gifts of nature that make production possible → natural resources

True    False

3. economic system in which individuals and businesses are allowed to compete for profit with a minimum of government interference → laissez-faire economics

True    False

4. free and willing exchange of goods and services between buyers and sellers → product market

True    False

5. productivity → a market where producers offer goods and services for sale

True    False

6. factor market → a market where producers offer goods and services for sale

True    False

7. resources necessary to produce goods and services → factors of production

True    False

8. the role of the consumer as the ruler of the market, determining what products will be produced → consumer sovereignty

True    False

9. economic interdependence → a reliance on others, as they rely on you, to provide goods and services to be consumed

True    False

10. human effort directed toward producing goods and services → factors of production

True    False

11. the freedom to own and use our own property as we choose as long as we do not interfere with the rights of others → voluntary exchange

True    False

12. product market → the degree to which resources are being used efficiently to produce goods and services

True    False