

Quizlet

NAME _____

49 Multiple choice questions

1. a scarce amount of funds that limits an individual's spending

- A. mixed economy
- B. budget constraint
- C. freedom to trade
- D. economic variable

2. the tendency for the quantity demanded of a good to decline as its price rises

- A. opportunity cost
- B. division of labor
- C. quantity demanded
- D. the law of demand

3. production possibilities

- A. a curve showing the maximum combinations of production of two goods that are possible, given the economy's resources and technology
- B. a situation in which a person or group can produce one good at a lower opportunity cost than another group
- C. alternative combinations of production of various goods that are possible, given the economy's resources
- D. a situation in which the government makes things worse than the market, even though there may be market failure

4. experimental economics

- A. the exchange of goods and services between people and firms in different countries
- B. a graph of demand showing the relationship between price and quantity demanded
- C. a branch of economics that uses laboratory experiments to analyze economic behavior
- D. a price that is determined by the interaction of individuals and firms in the market

5. one event is usually observed to occur along with another
 - A. correlation
 - B. capitalism
 - C. socialism
 - D. complement

6. the situation in which the quantity of resources is insufficient to meet all wants
 - A. scarcity
 - B. specialization
 - C. incentive
 - D. price

7. a device that motivates people to take action, usually so as to increase economic efficiency
 - A. complement
 - B. incentive
 - C. scarcity
 - D. freely determined price

8. an economy where most decisions of how, what and for whom to produce are made by individual firms, consumers and governments interacting in markets. In this economy, production and prices are determined in markets
 - A. command economy
 - B. macroeconomics
 - C. market economy
 - D. mixed economy

9. "all other things equal"
 holding all other variables constant or keeping all other things the same when one variable is changed
 - A. Ceteris Paribus
 - B. property rights
 - C. inferior goods
 - D. macroeconomics

10. a price that is determined by the interaction of individuals and firms in the market

- A. controlled experiments
- B. government failure
- C. incentive
- D. freely determined price

11. macroeconomics

A. the value of the best alternative that was not chosen because something else was chosen

B.

the division of production into various parts where some workers specialize in one task, while others specialize in another task

C.

an economy where most decisions of how, what and for whom to produce are made by individual firms, consumers and governments interacting in markets. In this economy, production and prices are determined in markets

D.

the branch of economics that examines the workings and problems of the economy as a whole; focuses on variables such as GDP growth and unemployment

12. occurs when two variables move in the same direction; when one goes up, the other goes up

- A. positive economics
- B. consumer price index
- C. positive correlation
- D. negative correlation

13. property rights

- A. the value of the best alternative that was not chosen because something else was chosen
- B. concentration of production effort into a single specific task.
- C. rights over the use, sale, and proceeds from a good or resource
- D. a scarce amount of funds that limits an individual's spending

14. an arrangement by which economic exchanges between people take place

- A. price
- B. scarcity
- C. demand
- D. market

15. a graph of demand showing the relationship between price and quantity demanded

- A. mixed economy
- B. demand curve
- C. incentive
- D. substitutes

16. demand schedule

- A. a tabular representation of demand showing the price and quantity demanded for a particular good, all else being equal
- B. an economy where most decisions of how, what and for whom to produce are made by a select group of individuals and firms that control the government. In this economy, production and prices are determined by the government
- C. a graph of demand showing the relationship between price and quantity demanded
- D. a situation in which the government makes things worse than the market, even though there may be market failure

17. comparative advantage

- A. alternative combinations of production of various goods that are possible, given the economy's resources
- B. a situation in which the government makes things worse than the market, even though there may be market failure
- C. a situation in which a person or group can produce one good at a lower opportunity cost than another group
- D. any situation in which the market does not lead to an efficient economic outcome

18. a good that has many of the same characteristics as and can be used in place of another good.

- A. substitutes
- B. normal good
- C. incentive
- D. complement

19. negative correlation

- A. occurs when two variable move in different directions; when one goes up, the other goes down
- B. economic analysis that explains what happens in the economy and why, without making recommendations about economic policy
- C. occurs when two variables move in the same direction; when one goes up, the other goes up
- D. a branch of economics that uses laboratory experiments to analyze economic behavior

20. complement

- A. a relationship between price and the quantity demanded
- B. a market economy in which the government plays a very large role
- C. a good that is consumed or used together with another good
- D. a good that has many of the same characteristics as and can be used in place of another good.

21. general increase in the price of goods

- A. demand
- B. substitutes
- C. inflation
- D. scarcity

22. the division of production into various parts where some workers specialize in one task, while others specialize in another task

- A. quantity demanded
- B. government failure
- C. division of labor
- D. opportunity cost

23. an economic system in which the government owns and controls all the capital and makes decisions about prices and quantities

- A. incentive
- B. socialism
- C. positive economics
- D. economics

24. one event brings about another event

- A. correlation
- B. capitalism
- C. causation
- D. the law of demand

25. the branch of economics that examines individual decision-making at firms and households and the way they interact in specific industries and markets

- A. opportunity cost
- B. economic model
- C. mixed economy
- D. microeconomics

26. positive economics

- A. economic analysis that aims to develop and recommend policies about what the government should do
- B. occurs when two variables move in the same direction; when one goes up, the other goes up
- C. economic analysis that explains what happens in the economy and why, without making recommendations about economic policy
- D. occurs when two variable move in different directions; when one goes up, the other goes down

27. any situation in which the market does not lead to an efficient economic outcome

- A. economic model
- B. government failure
- C. scarcity
- D. market failure

28. normal good

- A. goods for which demand increases when the consumers' income rises and decreases when consumers' income falls
- B. goods for which demand decreases when the consumers' income rises and increases when consumers' income falls
- C. economic analysis that aims to develop and recommend policies about what the government should do
- D. a good that has many of the same characteristics as and can be used in place of another good.

29. a market economy in which the government plays a very large role

- A. market failure
- B. market economy
- C. mixed economy
- D. demand curve

30. the value of the best alternative that was not chosen because something else was chosen
- A. opportunity cost
 - B. quantity demanded
 - C. division of labor
 - D. microeconomics
31. goods for which demand decreases when the consumers' income rises and increases when consumers' income falls
- A. inferior goods
 - B. normal good
 - C. demand schedule
 - D. economic model
32. a situation in which the government makes things worse than the market, even though there may be market failure
- A. comparative advantage
 - B. division of labor
 - C. experimental economics
 - D. government failure
33. an economy where most decisions of how, what and for whom to produce are made by a select group of individuals and firms that control the government. In this economy, production and prices are determined by the government
- A. command economy
 - B. market economy
 - C. positive economics
 - D. macroeconomics
34. capitalism
- A. an economic system in which the government owns and controls all the capital and makes decisions about prices and quantities
 - B. an economic system in which capital is individual owned and production and employment decisions are decentralized
 - C. one event is usually observed to occur along with another
 - D. the study of how people deal with scarcity

35. gains from trade

- A. improvements in income, production or satisfaction owing to the exchange of goods and services
- B. allowing people to interact freely both within and beyond national borders
- C. occurs when two variable move in different directions; when one goes up, the other goes down
- D. the quantity of a good that people want to buy at a given price during a specific time period

36. economic interactions

- A. an explanation of how the economy or part of the economy works; an abstraction or simplification of the real world
- B. exchange of goods and services between people
- C. the exchange of goods and services between people and firms in different countries
- D. a branch of economics that uses laboratory experiments to analyze economic behavior

37. price

- A. the situation in which the quantity of resources is insufficient to meet all wants
- B. the exchange of goods and services between people and firms in different countries
- C. the amount of money or other goods that one must pay to obtain a particular good
- D. a device that motivates people to take action, usually so as to increase economic efficiency

38. allowing people to interact freely both within and beyond national borders

- A. gains from trade
- B. market failure
- C. economic variable
- D. freedom to trade

39. normative economics

- A. occurs when two variable move in different directions; when one goes up, the other goes down
- B. occurs when two variables move in the same direction; when one goes up, the other goes up
- C. economic analysis that aims to develop and recommend policies about what the government should do
- D. economic analysis that explains what happens in the economy and why, without making recommendations about economic policy

40. economic model

- A.**
the branch of economics that examines the workings and problems of the economy as a whole; focuses on variables such as GDP growth and unemployment
- B.** a situation in which the government makes things worse than the market, even though there may be market failure
- C.** any economic measure that can vary over a range of values
- D.** an explanation of how the economy or part of the economy works; an abstraction or simplification of the real world

41. international trade

- A.** a branch of economics that uses laboratory experiments to analyze economic behavior
- B.** the quantity of a good that people want to buy at a given price during a specific time period
- C.** the value of the best alternative that was not chosen because something else was chosen
- D.** the exchange of goods and services between people and firms in different countries

42. economic variable

- A.** an explanation of how the economy or part of the economy works; an abstraction or simplification of the real world
- B.** a scarce amount of funds that limits an individual's spending
- C.** allowing people to interact freely both within and beyond national borders
- D.** any economic measure that can vary over a range of values

43. economics

- A.** the study of how people deal with scarcity
- B.**
the branch of economics that examines the workings and problems of the economy as a whole; focuses on variables such as GDP growth and unemployment
- C.** one event brings about another event
- D.** exchange of goods and services between people

44. consumer price index

- A.** a situation in which a person or group can produce one good at a lower opportunity cost than another group
- B.**
measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services

"all other things equal"
- C.** holding all other variables constant or keeping all other things the same when one variable is changed
- D.** a situation in which the government makes things worse than the market, even though there may be market failure

45. a relationship between price and the quantity demanded

- A. inflation
- B. market
- C. demand
- D. price

46. concentration of production effort into a single specific task.

- A. economic model
- B. mixed economy
- C. budget constraint
- D. specialization

47. controlled experiments

- A. economic analysis that aims to develop and recommend policies about what the government should do
- B. a situation in which a person or group can produce one good at a lower opportunity cost than another group
- C. empirical tests of theories in a controlled setting in which particular effects can be isolated
- D. a price that is determined by the interaction of individuals and firms in the market

48. the quantity of a good that people want to buy at a given price during a specific time period

- A. gains from trade
- B. quantity demanded
- C. normative economics
- D. substitutes

49. a curve showing the maximum combinations of production of two goods that are possible, given the economy's resources and technology

- A. comparative advantage
- B. positive correlation
- C. government failure
- D. production possibilities curve