

EOCT Test

Semester 2 final

1. The best definition of Economics is...

- a. The study of how individuals spend their money
- b. The study of resources and government
- c. The study of the allocation of scarce resources
- d. The study of the different types of economies

2. Which is NOT a basic resource?

- a. Land
- b. Labor
- c. Capital
- d. Money

3. The supply curve goes _____ and the demand curve goes _____

- a. Up / down
- b. Down / up
- c. Up / up
- d. Down / Down

4. Jen decides to go to the movies rather than go out eat at Zaxby's. What is her opportunity cost of going to the movies?

- a. The movie ticket
- b. Spending time at home
- c. The satisfaction of Zaxby's
- d. The money the movie ticket cost

5. Which of the following is NOT one of the basic economic Q's?

- a. What will be produced?
- b. How will it be produced?
- c. How much should be produced?

d. For whom will it be produced?

6. In a market society _____ makes decisions about how goods and services will be distributed whereas in a socialist society _____ makes decisions about how goods and services will be distributed.

a. Individuals / corporations

b. Businesses / individuals

c. Individuals / government

d. Government / individuals

7. Businesses receiving revenue from households is an exchange made in the _____ market?

a. Product

b. Factor

c. Money

d. Service

8. A business buying the factors of production from a household happens within the _____ market?

a. Product

b. Factor

c. Money

d. Service

9. What happens to Price and Quantity if Supply increases along a Demand curve?

a. Price rises and quantity drops

b. Price drops and quantity drops

c. Price rises and quantity rises

d. Price drops and quantity rises

10. A critical principal of capitalism is the idea of...

a. Communal ownership

b. Voluntary exchange

c. Government regulation

d. Limited competition

- 11. An assembly line can increase a factory's productivity because it allows workers to...**
- a. Diversify their skills
 - b. Focus on a specific task**
 - c. Put in overtime hours on the job
 - d. Use a wide range of knowledge
- 12. What is the difference b/w saving and investing?**
- a. Investing is spending later
 - b. Savings are deposits secured for a later undetermined use**
 - c. Savings are hoping to get a return
 - d. Investing is self structured
- 13. Which of the following is not a factor of production?**
- a. Land
 - b. Labor
 - c. Capital
 - d. Wages**
- 14. This is a type of loan paid out over a considerable length of time. Usually 10, 15, or 30 years.**
- a. Bank
 - b. Financial
 - c. Mortgage**
 - d. Credit Union
- 15. Simple interest is determined by multiplying the rate by the _____ whereas compound interest is determined by multiplying the rate by the _____.**
- a. Average balance / original loan amount
 - b. Original balance / current balance**
 - c. Existing amount owed / original balance

d. Time / average balance

16. What is the most correct answer concerning minority issues over the last 60 years regarding labor?

a. There have been less women entering the work force since WWII.

b. There have been less ethnic groups entering the work force since WWII.

c. There have been more women and African American entering the workforce since WWII and the Civil Rights movement of the 60's.

d. There have been less African American entering the workforce since the Civil Rights movement.

17. A good example of the effect of learning on income would be that...

a. Employers who learn to perform high-risk jobs always get paid more

b. Workers who learn to make high-demand products are well paid

c. Only job applicants with high school diplomas get job interviews

d. People with college degrees usually earn more than those with less education

18. Alex and Dylan mow and trim lawns. Currently, each man mows and trims a lawn by himself, but the process takes a long time. They would MOST LIKELY improve their efficiency if

a. Alex and Dylan mow a lawn and then trim it together

b. Alex mows a lawn while Dylan trims the same lawn

c. Alex trims Dylan's lawn while Dylan trims Alex's lawn

d. Alex and Dylan reduce the number of lawns they mow and trim

19. Who sets EQ price and quantity?
- Producers
 - Consumers
 - Both producers and consumer
 - The supplier
20. Changes in technology affect the _____ curve?
- Supply
 - Demand
 - Both curves
 - Neither curve
21. Changes in income affect which curve
- Supply
 - Demand
 - Both curves
 - Neither curve
22. If David's cost of inputs goes up for his Chicken Finger Business, this will affect his _____ curve and the EQ price will _____ and the EQ quantity will _____.
- Demand / Rise, drop
 - Supply / Rise, drop
 - Demand / drop, rise
 - Supply / drop, rise
23. If another similar company sets up business across the street from David's Chicken Fingers, this will cause his _____ curve to _____ which will then cause his EQ price to _____ and his EQ quantity to _____.
- Demand / rise / rise, drop
 - Supply / rise / rise, drop

c. Demand / drop / drop, drop

d. Supply / drop / rise, rise

24. An example of a price ceiling is _____. This usually happens _____ the EQ point.

a. Wages / below

b. Minimum Wage / above

c. Rent control / below

d. Rent control / above

25. An example of a price floor is

a. Rent control

b. Wages

c. Minimum wage

d. Capital

26. Which of the following is NOT one of the uses of money?

a. Medium of Exchange

b. Standard of value (AKA – unit of account)

c. Store of value

d. Source of Capital

27. Which of the following usually gets the best return?

a. CD (certificate of deposit)

b. Saving account

c. Checking account

d. Money market account

28. The following is NOT one of the three types of business structures?

a. Sole proprietorships

b. Partnerships

c. Corporations

d. They are all types of business structures

29. Which NOT a characteristic of a sole proprietorship

- a. One person reaps reward
- b. One person held responsible
- c. Shared ownership
- d. Dividends paid annually

30. A _____ represents all the possible combinations of goods and services that an economy is able to produce with a fixed amount of resources.

- a. Linear Graph
- b. Supply and Demand graph
- c. Production Possibilities Curve
- d. Production Capacity Table

31. Negotiating with management on behalf of its employees is called...

- a. Arbitration
- b. Mediation
- c. Corporate discrepancy
- d. Collective Bargaining

32. Which of the following is the correct order according to the characteristics listed? One seller / few sellers / large # of firms / unlimited # of firms

- a. Oligopoly / Monopoly / Perfect Competition / Monopolistic Competition
- b. Monopoly / Perfect Competition / Monopolistic Competition / Oligopoly
- c. Perfect Competition / Oligopoly / Monopolistic Competition / Monopoly
- d. Monopoly / Oligopoly / Monopolistic Competition / Perfect Competition

33. With regard to current labor issues, our Nation has...

- a. Shifted to more service jobs

- b. Shifted to more manufacturing jobs
- c. Become less competitive globally
- d. Become less mobile

34. The Taft-Hartley Act of 1947 was generally viewed negatively by labor unions because it...

- a. Made it illegal to require workers to join the unions before being hired
- b. Disbanded the American Federation of Labor
- c. Established right-to-work laws in all states
- d. Exempted many assembly line workers from the national minimum wage laws

35. Organizers of many high-interest sporting events such as the Super Bowl and the World Series usually set ticket prices lower than the usual equilibrium price, citing fairness to the public as their concern. What names do economists give to the resulting set price and disequilibrium situation?

- a. Price ceiling; surplus
- b. Price ceiling; shortage
- c. Price floor; shortage
- d. Price floor; surplus

36. _____ is often property (like a house or farm) that the bank will receive if a monetary loan is not paid

- a. Mortgage
- b. Land
- c. Real estate
- d. Collateral

37. Which of the following is NOT part of GDP?

- a. Consumer Expenditures
- b. Government Expenditures

c. Taxes

d. Net Exports

38. The base year's value is always...

a. 1

b. 0

c. 50

d. 100

39. Demand for all goods and services within a nation combines to form

a. Demand

b. Quantity Demanded

c. Aggregate Demand

d. GDP demand

40. The aggregate supply curve is...

a. Downward sloping

b. Upward sloping

c. Flat

d. Vertical

41. When a person is out of work b/c their skills don't match the job, this is called _____ unemployment

a. Cyclical

b. Seasonal

c. Frictional

d. Structural

42. When a person is out of work due to a period of layoffs and recession, we call this _____ unemployment

a. Cyclical

b. Seasonal

c. Frictional

d. Structural

43. Rising costs can create this type of inflation

- a. Cost push
- b. Cost pull
- c. Demand pull
- d. Cost appropriate

44. Which of the following tools of the FED has the most immediate affect on the money supply

- a. Changing the discount rate
- b. Open market operations
- c. Raising reserve requirements
- d. None of the above

45. What problem might policymakers be trying to address if they increase funding of training programs covering skills such as computer repair, programming and networking?

- a. Frictional unemployment
- b. Structural unemployment
- c. Cyclical unemployment
- d. Seasonal unemployment

46. Government officials adopt an expansionary fiscal policy. Which action would be most consistent with this policy

- a. Raising the discount rate
- b. Buying government bonds
- c. Increasing government spending
- d. Raising personal income tax rates

47. Over a two-year period, the nation of Parthia experiences a steep decline in the unemployment rate, a rise in real GDP, and a stabilized price level. Parthia appears to be...

- a. At the start of a recession
- b. At the beginning of a recession

c. Stagnating economically

d. In the middle of a boom period

48. If the unemployment rate is rising and the GDP is falling, the fiscal policy that the federal government should MOST likely follow is

a. Decreasing taxes

b. Decreasing spending

c. Decreasing the money supply

d. Decreasing the reserve requirement

49. The nation of Welton needs to build a new dam to control flooding near its largest city. If Welton is a purely market economy, then these new improvements will be MOST likely be left up to

a. The government

b. The individuals who are willing to pay for the new dam

c. Anyone who would benefit from the dam

d. The owners of the property on which the dam would be built

50. A nation that has a comparative advantage in the production of some product should

a. Make all the products it is good at

b. Specialize in making that product that it is best at

c. Avoid trade

d. Manufacture more and export less

51. This limits the amount of goods that can be brought into a country

a. Embargo

b. The SEC

c. NAFTA

d. Quotas

- 52. Over the course of one year, the Japanese yen depreciates relative to the euro; which group of people would benefit the most from this occurrence?**
- a. European consumers of European goods
 - b. European consumers of Japanese goods**
 - c. Japanese consumers of Japanese goods
 - d. Japanese consumers of European goods
- 53. Those in favor of protectionist trade policies would MOST likely**
- a. Support a reduction in tariffs
 - b. Call for fewer import restriction
 - c. Cite the need to preserve domestic industries**
 - d. Believe that restrictions harm consumers
- 54. Milo farms the same small plot of land his ancestors farmed. He exchanges wheat for products he needs from local producers. The exchange value of the wheat changes little since the trade is governed by custom. What kind of economic system is Milo operating in?**
- a. Command
 - b. Traditional**
 - c. Market
 - d. Capitalist
- 55. A tariff placed on foreign steel imports represents**
- a. A barrier to trade**
 - b. A balance of payments deficit
 - c. A subsidy to domestic producers
 - d. An increase in domestic production