Basics of Economics - Assessment

A market economy is very different from a command economic system or a traditional system. Which of the following is found in a market economy? A. Free labor B. Competition between businesses C. Government control of industry D. Government control of agriculture	The economic system of communist countries is most closely related to which of the following: A. Command economy. B. Market economy. C. Traditional economy. D. Mixed economy.
How are goods and services exchanged in a traditional economy? A. through prices and wages B. through government regulation C. through bartering D. through shortages and surpluses	Which of the following is NOT one of the basic questions that all economic systems must answer: A. What to produce? B. How to produce? C. How much to produce? D. For whom to produce?
In a command economy, economic decisions are made by the _____ that also owns the resources of a nation. A. consumers. B. market. C. government. D. producers.	There are no truly pure Market economic systems, but which of the following countries is close? A. Cuba B. Russia C. China D. United States
What is an entrepreneur? A. A person who starts a new business. B. A leader of a country. C. A worker in a factory. D. A student in college.	Most democratic nations have _____ economies. A. mixed. B. traditional. C. command. D. market.
True or False: In a market economy, the price of goods and services are set or controlled by the government.	True or False: There are no countries that are pure command or pure market.

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What is a main reason for people to exchange currency? A. to have foreign money B. to use American dollars to trade C. to make more money by trading currencies D. to buy and sell goods and services with other countries	Which is an example of a company investing in capital goods? A. providing healthcare for workers B. providing classes for workers to learn new skills C. keeping an old machine to see if it will last longer D. buying new computers to build products more quickly
Which trade barrier sets up a complete ban on trading between countries? A. mountain B. tariff C. quota D. embargo	The number limit on how many items of a particular product can be imported from a particular country is the _____. A. demand. B. quota. C. supply. D. tariff.
What is an example of a physical trade barrier? A. quota B. tariff C. mountain D. embargo	When a government decides to increase a tariff, it increases the amount of a tax placed upon _____. A. people's income. B. imported goods. C. renewable resources. D. people's property.
Product of the earth ("gift of nature") people use to meet their needs is a _____. A. good. B. natural resource. C. free enterprise. D. service.	Which is an example of human capital? A. Education B. Roads C. Factories D. Machinery

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The relationship between the literacy rate and standard of living in Latin America is _____. A. Literacy rate has no effect on the standard of living. B. The higher the literacy rate the higher the standard of living. C. The standard of living is independent of literacy rate. D. Low literacy rate creates a higher standard of living.	Why is it important for a country to invest in human capital? A. A country needs money in order to pay its workers. B. Workers enjoy getting extra training and job opportunities. C. Businesses cannot do all the training needed by workers to be successful. D. A country's economy is more successful when workers have good education and health care.
A country's parliament votes to limit the monthly volume of wheat imports allowed from another country. This is an example of... A. quota B. embargo C. tariff D. physical trade barrier	Which of the following BEST describes a market system? A. The government provides services, such as telephones and television. B. A person can start any legal business and charge any price. C. The government provides food and housing to all workers. D. Businesses are owned by the government.

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