**Economics Chapters 1&2 Test**

1. **Which type of economy is characterized by private ownership of property and resources?**
   1. **Traditional economy c. Free Market economy**
   2. **Communistic economy d. socialistic economy**
2. **Which type of economy is characterized by the government owning all resources and property?**
   1. **Traditional economy c. Free Market economy**
   2. **Communistic economy d. socialistic economy**
3. **Which type of economy is characterized by traditional habits and customs?**
   1. **Traditional economy c. Free Market economy**
   2. **Communistic economy d. socialistic economy**
4. **Which economies offer the greatest amount of freedoms and choices?**
   1. **Traditional economy c. Free Market economy**
   2. **Communistic economy d. socialistic economy**
5. **Which type of government offers the fewest freedoms and choices?**
   1. **Traditional economy c. Free Market economy**
   2. **Communistic economy d. socialistic economy**
6. **What type of economy is the U.S. today?**
   1. **Traditional economy c. Mixed economy**
   2. **Communistic economy d. socialistic economy**
7. **What economic concept is this a description of: the situation that exists when there are not enough resources to meet human demand.**
   1. **Scarcity c. surplus**
   2. **Resource market d. factors of production**
8. **Which factor of production is this example describing? Zeke goes to work at Chick Fil A to cook nuggets for kids meals. Zeke is an example of** 
   1. **Land c. labor**
   2. **Capitol d. entrepreneurship**
9. **Which factor of production is this example describing? Deke leases his building to Jalissa so she can open a bagel shop. Deke’s building is an example of** 
   1. **Land c. labor**
   2. **Capitol d. entrepreneurship**
10. **Which factor of production is this example describing? Malik uses the money he saved this summer to buy a bike to start a newspaper delivery route with. Malik risking his money to start a business is an example of** 
    1. **Land c. labor**
    2. **Capitol d. entrepreneurship**
11. **Which factor of production is this example describing? Tanjenique sells rose hips from her garden to the local herbal tea shop for hippies. Tanjenique’s rose buds are examples of .** 
    1. **Land b. labor c. Capitol d. entrepreneurship**
12. **Incentives are things that**
    1. **Motivate people to behave in a certain way**
    2. **Catalysts for chemical reactions**
    3. **Incantations used by Hermione Granger to open the Chamber of Secrets**
    4. **Types of plants**
13. **Jack has $2 and goes into the Circle K for snacks. He’s both thirsty and hungry. If he buys a drink, he can’t buy Skittles. If he buys Skittles, he can’t buy a drink. Like any red-blooded American boy, he buys the Skittles. In this example the drink is considered**
    1. **An opportunity cost b. a resource c. a market d. an incentive**
14. **There are two major factors in the free market. One is** 
    1. **Communal property laws c. socialistic benefit of all**
    2. **Private property rights d. fear of the government**
15. **There are two major factors in the free market. The other is** 
    1. **Communal property for all to share c. markets to sell my private property**
    2. **Charity and benevolence d. fear of the government**
16. **Private property rights are vital for trade at the market because**
    1. **Clear ownership is vital to any sale or exchange**
    2. **The government needs to know who to tax**
    3. **Trust, schmust. Who cares who owns it? Get yours!**
    4. **Perpetrators like to know victims’ names**
17. **Laissez-Faire means**
    1. **French for be lazy c. French for be fair**
    2. **French for leave things alone d. French for competition**
18. **When a buyer and seller agree to do business together in a market economy, they do a**
    1. **Voluntary exchange b. involuntary exchange c. swindoliferous interchange**
19. **The seller’s self-interest during a voluntary exchange is most likely motivated by the desire for financial gain from a business transaction known as** 
    1. **Writ of mandamus b. profit c. mortgage d. philanthropy**
20. **In a free market, consumers hold the ultimate power because they choose what they want to spend their resources on in voluntary exchange. If producers want to make a profit, they must provide what the consumer desires. They can only charge what consumers are willing to voluntarily pay. This concept is known as** 
    1. **Consumer submission c. consumer victimization**
    2. **Consumer exploitation d. consumer sovereignty**
21. **In the Circular Flow Model, who owns all factors of production?**
    1. **Households b. firms/businesses c. Product Market d. Factors market**
22. **In the Circular Flow Model, who purchases factors of production and changes them into goods and services?**
    1. **Households b. firms/businesses c. Product Market d. Factors market**
23. **In the Circular Flow Model, if Tamara goes to work at Chick Fil A and sells her labor to them in exchange for a paycheck, she has participated in…**
    1. **Households b. firms/businesses c. Product Market d. Factors market**
24. **In the Circular Flow Model, Coach Smith’s wife takes a car load of screaming heathen children to Chick Fil A to get milk shakes. There she trades Coach Smith’s hard earned cash for something Tamara made. What have they just participated in?**
    1. **Households b. firms/businesses c. Product Market d. Factors market**
25. **The role of government in the Circular Flow Model is to**
    1. **Attempt to keep factors of production, goods, and services flowing smoothly by taking from one sector with surplus flow and placing it in a sector with little flow. Sometimes this makes the economy smoother, but most times intervention screws things up.**
    2. **Make sure the circular flow model doesn’t move to fast**
    3. **Punish you for breathing and transfer all your wealth to the politicians households**
    4. **To keep people from getting too far ahead of the others**