

PREVIEW

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### Quiz: What Is the Economy Anyway?

#### Question 1a of 10 ( 3 Games 200728 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a game?

	Choice	Feedback
A.	Basketball	
*B.	Baking	Correct! Baking is an activity, not a game.
C.	Checkers	
D.	Hockey	

#### Global Incorrect Feedback

The correct answer is: Baking. Baking is an activity, not a game.

#### Question 1b of 10 ( 3 Games 200729 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Some activities can be called games. Which of these activities is a game?

	Choice	Feedback
*A.	Playing Solitaire	Correct! Even though Solitaire only has one player, it is still a game.
B.	Listening to music	
C.	Running laps	
D.	Making lunch	

#### Global Incorrect Feedback

The correct answer is: Playing Solitaire. Even though Solitaire only has one player, it is still a game.

#### Question 1c of 10 ( 3 Games 200730 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* considered a game?

	Choice	Feedback
A.	Trivial Pursuit	
B.	Hide and seek	
*C.	Cleaning your room	Correct. You can try to make cleaning your room into a game, but it doesn't have players or rules, so it's not a game.
D.	Pin the Tail on the Donkey	

**Global Incorrect Feedback**

The correct answer is: Cleaning your room. You can try to make cleaning your room into a game, but it doesn't have players or rules, so it's not a game.

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**Question 2a of 10** ( 1 Games 201804 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In every game, all of the players have which of the following?

	Choice	Feedback
A.	Team	
B.	Position	
C.	Score	
*D.	Role	Correct! A player's role is what he or she is expected to do in the game.

**Global Incorrect Feedback**

The correct answer is: Role. A player's role is what he or she is expected to do in the game.

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**Question 2b of 10** ( 1 Games 201805 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes a player's role in any game?

	Choice	Feedback
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A.	The way he or she scores points.	
B.	The number of turns he or she gets to take.	
*C.	The actions expected of him or her.	Correct! A role is a set of expected actions.
D.	The name of his or her character.	

**Global Incorrect Feedback**

The correct answer is: The actions expected of him or her. A role is a set of expected actions.

**Question 2c of 10** ( 1 Games 201806 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which word best completes the following sentence? A player's role is his or her \_\_\_\_\_ in the game.

	Choice	Feedback
*A.	job	Correct!
B.	position	
C.	score	
D.	setting	

**Global Incorrect Feedback**

The correct answer is: job.

**Question 3a of 10** ( 2 Games 201809 )

Maximum Attempts: 1

Question Type: Multiple Response

Maximum Score: 2

Question: Which of the following are features common to all games?

*Check all that apply.*

Correct Answers:

	Choice
A.	Winners
*B.	Players
*C.	Outcomes

*D.	Properties
E.	Teams
F.	Scores
*G.	Rules

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Players, Properties, Outcomes, and Rules.

### Question 3b of 10 ( 2 Games 201810 )

Maximum Attempts: 1

Question Type: Multiple Response

Maximum Score: 2

Question: Which of the following are *not* features of all games?

*Check all that apply.*

Correct Answers:

	Choice
A.	Rules
B.	Players
*C.	Winners
*D.	Teams
*E.	Positions
F.	Properties

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Teams, Positions, and Winners. Many games have these but not all do.

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**Question 3c of 10** ( 2 Games 201811 )

**Maximum Attempts:** 1

**Question Type:** Multiple Response

**Maximum Score:** 2

**Question:** Which of the following must an activity have in order to be considered a game?

*Check all that apply.*

**Correct Answers:**

	Choice
A.	Winners and Losers
*B.	One or more players
C.	A system of points
*D.	A set of rules
E.	Two or more teams
F.	A field or board

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: A set of rules; One or more players.

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**Question 4a of 10** ( 1 Goods and services 201820 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** services, service

**Question:** In the game of economics, \_\_\_\_\_ are actions that other people value.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! Services are actions that other people value.
	<b>Global Incorrect Feedback</b>
	The correct answer is: services. Services are actions that other people value.

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### Question 4b of 10 ( 1 Goods and services 201821 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** wants, want

**Question:** In the game of economics, goods are objects that fulfill people's needs and \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! Goods are objects that fulfill people's needs and wants.

	<b>Global Incorrect Feedback</b>
	The correct answer is: wants. Goods are objects that fulfill people's needs and wants.

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### Question 4c of 10 ( 1 Goods and services 201822 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** services, service

**Question:** Economics is about the allocation of resources for the production and distribution of goods and \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! Both goods and services are produced and distributed in the game of economics.

	<b>Global Incorrect Feedback</b>
	The correct answer is: services. Both goods and services are produced and distributed in the game of economics.

**Question 5a of 10** ( 1 The game of economics 201836 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does *not* take place in the game of economics?

	Choice	Feedback
A.	Distribution	
B.	Consumption	
*C.	Evaluation	Correct! Evaluation is not necessarily a part of the game of economics.
D.	Production	

<b>Global Incorrect Feedback</b>
The correct answer is: Evaluation. Evaluation is not necessarily a part of the game of economics.

**Question 5b of 10** ( 1 The game of economics 201837 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is *not* necessarily part of the game of economics?

	Choice	Feedback
A.	The distribution of goods	
B.	The allocation of resources	
C.	The consumption of services	
*D.	The reduction of waste	Correct! While waste may be reduced by players in the game of economics, this is not necessarily a part of that game.

<b>Global Incorrect Feedback</b>
The correct answer is: The reduction of waste. While waste may be reduced by players in the game of economics, this is not necessarily a part of that game.

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**Question 5c of 10** ( 1 The game of economics 201838 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these activities is most essential to the game of economics?

	Choice	Feedback
*A.	The production of goods and services.	Correct! The game of economics couldn't be played without production.
B.	The reduction of waste products.	
C.	The development of new products.	
D.	The use of recyclable materials.	

**Global Incorrect Feedback**

The correct answer is: The production of goods and services. The game of economics couldn't be played without production.

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**Question 6a of 10** ( 3 The game of economics 201843 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following situations is one where the goal of efficiency is being met?

	Choice	Feedback
A.	When you use up all of the available resources.	
*B.	When you do something with as little waste as possible.	Correct! Efficiency is the minimization of waste.
C.	When you allocate resources to people who deserve them.	
D.	When you make sure you produce as much of something as possible.	

**Global Incorrect Feedback**

The correct answer is: When you do something with as little waste as possible. Efficiency is the minimization of waste.

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**Question 6b of 10** ( 3 The game of economics 201844 )

Maximum Attempts: 1



**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes an action that serves the goal of equity?

	Choice	Feedback
A.	A student who eats her lunch before the lunch period is given another lunch.	
B.	A player with the fewest points is given more points to help them catch up.	
*C.	A player who cheats at cards is eliminated from the game.	Correct! Cheating is not fair, so eliminating a cheater serves equity.
D.	A parent buys presents for all of the children attending his child's birthday party.	

**Global Incorrect Feedback**

The correct answer is: A player who cheats at cards is eliminated from the game. Cheating is not fair, so eliminating a cheater serves equity.

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**Question 6c of 10** ( 3 The game of economics 201845 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following actions best meets the goal of security?

	Choice	Feedback
*A.	Wearing a seatbelt while riding in a car.	Correct! Seatbelts protect against harm when accidents happen.
B.	Taking good notes in class.	
C.	Making extra snacks for a party.	
D.	Bringing an umbrella to a baseball game.	

**Global Incorrect Feedback**

The correct answer is: Wearing a seatbelt while riding in a car. Seatbelts protect against harm when accidents happen.

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**Question 7a of 10** ( 2 The game of economics 201850 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why all goals cannot be met in

economics?

	Choice	Feedback
A.	Only certain goals can be understood in monetary terms.	
B.	Some goals are not worthy of pursuing.	
C.	Not all people know what their economic goals are.	
*D.	Some goals are incompatible with each other.	Correct! Pursuing one goal often gets in the way of pursuing a different one.

**Global Incorrect Feedback**

The correct answer is: Some goals are incompatible with each other. Pursuing one goal often gets in the way of pursuing a different one.

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**Question 7b of 10** ( 2 The game of economics 201851 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the game of economics does not have a single goal?

	Choice	Feedback
A.	Economics is a game without winners or losers.	
*B.	Different people want different things out of life.	Correct! There are different goals that people want to pursue in the game of economics.
C.	Most people do not know what economics is about.	
D.	Some economic goals are not compatible with each other.	

**Global Incorrect Feedback**

The correct answer is: Different people want different things out of life. There are different goals that people want to pursue in the game of economics.

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**Question 7c of 10** ( 2 The game of economics 201852 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the game of economics is about setting goals as much as it is about making allocation decisions?

	Choice	Feedback
A.	It's unnecessary to have a goal to make allocation decisions.	
*B.	There are different and incompatible economic goals.	Correct! Different people have different economic goals.
C.	Making allocation decisions requires information and resources.	
D.	Consumers need goals in order to know what goods and services to buy.	

**Global Incorrect Feedback**

The correct answer is: There are different and incompatible economic goals. Different people have different economic goals.

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**Question 8a of 10** ( 1 Production 201857 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following explains why scarcity is a basic fact of life?

	Choice	Feedback
A.	People cannot make good allocation decisions.	
B.	Technology has not advanced far enough yet.	
*C.	Demand will always be greater than supply.	Correct! No matter how much supply is produced, people will always want more.
D.	There will always be too many people on the Earth.	

**Global Incorrect Feedback**

The correct answer is: Demand will always be greater than supply. No matter how much supply is produced, people will always want more.

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**Question 8b of 10** ( 1 Production 201858 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of the following explains why scarcity cannot be eliminated?

	Choice	Feedback
A.	The Earth's population is too large to be supported anymore.	
B.	Humans are using the Earth's natural resources too quickly.	
*C.	No matter how much is produced, people will always want more.	Correct! Demand will always move out ahead of supply.
D.	Technology has been used to increase demand instead of supply.	

**Global Incorrect Feedback**

The correct answer is: No matter how much is produced, people will always want more. Demand will always move out ahead of supply.

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**Question 8c of 10** ( 1 Production 201859 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains what makes allocation decisions necessary?

	Choice	Feedback
*A.	There are never enough goods and services to satisfy all wants and needs.	Correct! Scarcity makes allocation decisions necessary.
B.	People cannot agree on what kind of allocation will be the most efficient.	
C.	There are often different methods of producing the same goods and services.	
D.	Consumers usually disagree with each other about which brands are the best.	

**Global Incorrect Feedback**

The correct answer is: There are never enough goods and services to satisfy all wants and needs. Scarcity makes allocation decisions necessary.

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**Question 9a of 10** ( 1 Production 201867 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is the first question that needs to be answered when organizing an economy?

	Choice	Feedback
A.	How is production to be organized?	
*B.	What is to be produced?	Correct! Before answering other questions, players must decide what to produce.
C.	How are goods and services to be distributed?	
D.	What is the most effective allocation of resources?	

**Global Incorrect Feedback**

The correct answer is: What is to be produced?  
Before answering other questions, players must decide what to produce.

**Question 9b of 10** ( 1 Production 201868 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following does *not* need to be addressed when organizing an economy?

	Choice	Feedback
A.	The organization of production.	
B.	The distribution of goods and services.	
C.	The allocation of resources.	
*D.	The rules of political institutions.	Correct! Politics can affect the economy, but the institutions of a political system are not necessarily connected with economic questions.

**Global Incorrect Feedback**

The correct answer is: The rules of political institutions. Politics can affect the economy, but the institutions of a political system are not necessarily connected with economic questions.

**Question 9c of 10** ( 1 Production 201869 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In order for production to take place, the question of what is to be produced must be answered. Which of the following is another question that must be answered in order for production to take place?

	Choice	Feedback
*A.	How is production to be organized?	Correct! Production needs to be organized in order to take place.
B.	What can be done to eliminate scarcity?	
C.	Who will receive the goods and services?	
D.	What is the most fair distribution of goods?	

**Global Incorrect Feedback**

The correct answer is: How is production to be organized? Production needs to be organized in order to take place.

**Question 10a of 10** ( 3 Production 201871 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is one way that land contributes to production?

	Choice	Feedback
A.	Roads allow for the transportation of goods.	
B.	Tools are created by humans to aid production.	
*C.	Energy from the environment fuels production.	Correct! Energy comes from the Earth.
D.	Ideas are needed to figure out how to use natural resources.	

**Global Incorrect Feedback**

The correct answer is: Energy from the environment fuels production. Energy comes from the Earth.

**Question 10b of 10** ( 3 Production 201872 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes what capital contributes to production?

	Choice	Feedback
A.	Energy from the environment to fuel	

	production.	
*B.	Resources created by humans to aid production.	Correct! Capital is resources made by humans.
C.	Human effort and ideas that drive production.	
D.	Resources taken from the Earth to supply production.	

**Global Incorrect Feedback**

The correct answer is: Resources created by humans to aid production. Capital is resources made by humans.

**Question 10c of 10** ( 3 Production 201873 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes what labor directly contributes to production?

	Choice	Feedback
*A.	Human effort and ideas drive production.	Correct! Human effort and ideas are contributed by labor.
B.	Humans create resources to aid production.	
C.	Humans harness energy sources to fuel production.	
D.	Humans take resources from the Earth to supply production.	

**Global Incorrect Feedback**

The correct answer is: Human effort and ideas drive production. Human effort and ideas are contributed by labor.

PREVIEW

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Quiz: Different Ways to Play

**Question 1a of 10** ( 1 Capitalism/socialism 201876 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which kind of economic system does a capitalist country have?

	Choice	Feedback
A.	Command	
*B.	Free-market	Correct! Capitalism is another name for the free-market system.
C.	Mixed	
D.	Planned	

**Global Incorrect Feedback**

The correct answer is: Free-market. Capitalism is another name for the free-market system.

**Question 1b of 10** ( 1 Capitalism/socialism 201877 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which kind of economic system does a socialist country have?

	Choice	Feedback
A.	Free-market	
B.	Distributive	
*C.	Planned	Correct! In socialist countries, the government tells producers what and how much to produce.
D.	Mixed	

**Global Incorrect Feedback**

The correct answer is: Planned. In socialist countries, the government tells producers what and how much to produce.

**Question 1c of 10** ( 1 Capitalism/socialism 201878 )



Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is another term for a free-market system?

	Choice	Feedback
A.	Interventionism	
B.	Communism	
*C.	Capitalism	Correct! Capitalism is another name for the free-market system.
D.	Socialism	

**Global Incorrect Feedback**

The correct answer is: Capitalism. Capitalism is another name for the free-market system.

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**Question 2a of 10** ( 2 Economic decisions 201879 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following groups of players make all of the economic decisions in a free-market system?

	Choice	Feedback
A.	Economic experts	
B.	Government planners	
*C.	Consumers and producers	Correct! A free-market system is one in which the free choices of consumers and producers lead to the outcomes.
D.	Workers	

**Global Incorrect Feedback**

The correct answer is: Consumers and producers. A free-market system is one in which the free choices of consumers and producers lead to the outcomes.

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**Question 2b of 10** ( 2 Economic decisions 201880 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the role of consumers and producers in a free-market system?

	Choice	Feedback
A.	They provide goods and services to workers.	
B.	They allocate resources for production.	
*C.	They make the economic decisions.	Correct! A free-market system is one in which the free choices of consumers and producers lead to the outcomes.
D.	They do what government planners tell them.	

**Global Incorrect Feedback**

The correct answer is: They make the economic decisions. A free-market system is one in which the free choices of consumers and producers lead to the outcomes.

**Question 2c of 10** ( 2 Economic decisions 201881 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following economic systems leaves production decisions completely up to the producers?

	Choice	Feedback
*A.	Free-market economy	Correct! A free-market system leaves production decisions up to the producers.
B.	Command economy	
C.	Mixed economy	
D.	Planned economy	

**Global Incorrect Feedback**

The correct answer is: Free-market economy. A free-market system leaves production decisions up to the producers.

**Question 3a of 10** ( 1 Circular flow model 201882 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: According to the circular flow model, which of the following is *not* provided by consumers?

	Choice	Feedback
A.	Land	

B.	Capital	
C.	Labor	
*D.	Wages	Correct! Producers provide wages in a free-market system.

**Global Incorrect Feedback**

The correct answer is: Wages. Producers provide wages in a free-market system.

**Question 3b of 10** ( 1 Circular flow model 201883 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: According to the circular flow model, which of the following do producers provide to consumers?

	Choice	Feedback
A.	Resources	
*B.	Wages	Correct! Producers provide wages in a free-market system.
C.	Labor	
D.	Capital	

**Global Incorrect Feedback**

The correct answer is: Wages. Producers provide wages in a free-market system.

**Question 3c of 10** ( 1 Circular flow model 201884 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: According to the circular flow model, which of the following is something consumers do that influences producers?

	Choice	Feedback
*A.	Purchase goods and services	Correct! Consumer purchases are an important influence on producers in a free-market system.
B.	Provide wages and profits	
C.	Produce goods and services	
D.	Use land and capital	

**Global Incorrect Feedback**

The correct answer is: Purchase goods and services. Consumer purchases are an important influence on producers in a free-market system.

**Question 4a of 10** ( 2 Circular flow model 201885 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the free-market system follows a circular flow model?

	Choice	Feedback
A.	The allocation of resources affects both production and distribution.	
B.	Goods and services are constantly recycled in a circular manner.	
*C.	The free choices made by consumers and producers influence each other.	Correct! In a free-market system, consumers and producers influence each other.
D.	Profits flow in a circular way back and forth between consumers and producers.	

**Global Incorrect Feedback**

The correct answer is: The free choices made by consumers and producers influence each other. In a free-market system, consumers and producers influence each other.

**Question 4b of 10** ( 2 Circular flow model 201886 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how a free-market system has a circular flow of influences?

	Choice	Feedback
A.	In order to be efficient, producers recycle resources back to nature.	
*B.	Consumer decisions affect producers, and producer decisions affect consumers.	Correct! In a free-market system, consumers and producers influence each other.
C.	The allocation choices made by the government occur in natural cycles.	

D.	Wages flow in a circular way back and forth between consumers and producers.	
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**Global Incorrect Feedback**

The correct answer is: Consumer decisions affect producers, and producer decisions affect consumers. In a free-market system, consumers and producers influence each other.

**Question 4c of 10** ( 2 Circular flow model 201887 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results from the fact that a free-market system is based on the free choices of consumers and producers?

	Choice	Feedback
*A.	The free-market system has a circular flow of influences.	Correct! The free-market system is characterized by a circular flow model.
B.	Consumers and producers are often the same people.	
C.	Goals such as security and efficiency cannot be met.	
D.	The government can only command, but not plan, the economy.	

**Global Incorrect Feedback**

The correct answer is: The free-market system has a circular flow of influences. The free-market system is characterized by a circular flow model.

**Question 5a of 10** ( 3 Free choice 201888 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how free choice is protected in a free-market system?

	Choice	Feedback
A.	Consumers and producers protect their own freedom by making economic decisions.	
*B.	The government makes and enforces whatever laws are needed to guarantee free choice.	Correct! Without laws to protect people, coercion could take place.

C.	Workers pressure producers to provide them with high enough wages to make free choices.	
D.	Conflict and competition among producers automatically lead to free choice for consumers.	

**Global Incorrect Feedback**

The correct answer is: The government makes and enforces whatever laws are needed to guarantee free choice. Without laws to protect people, coercion could take place.

**Question 5b of 10** ( 3 Free choice 201889 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why competition is an important part of a free-market system?

	Choice	Feedback
A.	Government regulation is needed when there is too much competition.	
B.	Producers need competition to force them to produce.	
C.	Competition guarantees that consumers have resources.	
*D.	Without competition, people wouldn't have a lot of choices.	Correct! Competition leads to a wider range of choices.

**Global Incorrect Feedback**

The correct answer is: Without competition, people wouldn't have a lot of choices. Competition leads to a wider range of choices.

**Question 5c of 10** ( 3 Free choice 201890 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is the reason why, in a free-market society, the government passes laws against theft, coercion, and fraud?

	Choice	Feedback
*A.	To protect freedom of choice	Correct! The main purpose of the government in a free-market society is to

		protect free choice.
B.	To prevent innovation	
C.	To plan an efficient economy	
D.	To guarantee security and growth	

**Global Incorrect Feedback**

The correct answer is: To protect freedom of choice. The main purpose of the government in a free-market society is to protect free choice.

**Question 6a of 10** ( 3 Property rights 201891 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why are rules protecting private property some of the most important rules in a free-market system?

	Choice	Feedback
A.	Consumers all desire to own as much property as they can.	
*B.	Individuals need to own resources in order to make free choices.	Correct! Property rights make sure individuals have access to resources.
C.	Private property protects individuals from unnecessary government control.	
D.	Producers want to protect the profit they make by selling property to consumers.	

**Global Incorrect Feedback**

The correct answer is: Individuals need to own resources in order to make free choices. Property rights make sure individuals have access to resources.

**Question 6b of 10** ( 3 Property rights 201892 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why property rights are necessary in a free-market system?

	Choice	Feedback
A.	Market forces only work when everyone owns some property.	Corre

*B.	Property rights allow consumers and producers to make free choices.	Correct! Property rights guarantee that people have access to the resources they need to make free choices.
C.	Competition cannot exist if some own property and others do not.	
D.	The government cannot plan an efficient economy without passing laws.	

**Global Incorrect Feedback**

The correct answer is: Property rights allow consumers and producers to make free choices. Property rights guarantee that people have access to the resources they need to make free choices.

**Question 6c of 10** ( 3 Property rights 201893 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is necessary in addition to protection against theft, coercion, and fraud in order for consumers and producers to have freedom of choice?

	Choice	Feedback
*A.	Resources	Correct! Without resources, individuals cannot make their own choices.
B.	Capital	
C.	Profits	
D.	Wages	

**Global Incorrect Feedback**

The correct answer is: Resources. Without resources, individuals cannot make their own choices.

**Question 7a of 10** ( 2 Profit 201895 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the profit motive?

	Choice	Feedback
A.	The motivation to work hard at a job in order	



	to buy more goods and services.	
B.	The incentive to buy at a low price in order to be able to sell at a higher price.	
*C.	The desire to make money through the production of goods and services.	Correct! The profit motive drives producers.
D.	The decision to allow market forces to decide on the price of goods and services.	

**Global Incorrect Feedback**

The correct answer is: The desire to make money through the production of goods and services. The profit motive drives producers.

**Question 7b of 10** ( 2 Profit 201896 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains what market forces are?

	Choice	Feedback
A.	The decisions of the government that decide what will be produced.	
*B.	The properties of a free-market system that determine what the outcomes will be.	Correct! Market forces determine the outcomes in a free-market system.
C.	The laws that govern whether a producer will be able to buy low and sell high.	
D.	The ways that producers coerce consumers into buying at the highest price possible.	

**Global Incorrect Feedback**

The correct answer is: The properties of a free-market system that determine what the outcomes will be. Market forces determine the outcomes in a free-market system.

**Question 7c of 10** ( 2 Profit 201897 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the profit motive often leads to efficiency and innovation?

	Choice	Feedback
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*A.	The competition to make profit drives producers to eliminate waste.	Correct! Making more profit usually requires eliminating waste.
B.	Profit gives producers more money to be able to buy better resources.	
C.	Consumers want to reduce waste in order to spend less on what they buy.	
D.	Losing money prevents producers from hiring the most efficient workers.	

**Global Incorrect Feedback**

The correct answer is: The competition to make profit drives producers to eliminate waste. Making more profit usually requires eliminating waste.

**Question 8a of 10** ( 1 economic systems 201899 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the following economic systems with their definitions.

Choice Text	Correct Match	Match Text
A. Free-market economy	A.	An economic system where decisions are made by producers and consumers.
B. Planned economy	C.	An economic system that uses both free-market and command principles.
C. Mixed economy	B.	An economic system run by the government.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Free-market economy: An economic system where decisions are made by producers and consumers; Planned economy: An economic system run by the government; Mixed economy: An economic system that uses both free-market and command principles.

**Question 8b of 10** ( 1 economic systems 201900 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the types of players with the economic system in which they make the important economic decisions.

Choice Text	Correct Match	Match Text
A. Consumers and producers	B.	Command economy
B. Government planners	C.	Mixed economy
C. The government and private individuals	A.	Free-market system

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Consumers and producers: Free-market system; Government planners: Command economy; The government and private individuals: Mixed economy.

---

### Question 8c of 10 ( 1 economic systems 201901 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the following actions with the system in which the government performs them.

Choice Text	Correct Match	Match Text
A. Protecting property rights	A.	Free-market system
B. Providing equality of wealth	B.	Socialism
C. Making production decisions	C.	Planned economy

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Protecting property

	rights: Free-market system; Providing equality of wealth: Socialism; Making production decisions: Planned economy.
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**Question 9a of 10** ( 1 Economic systems 201902 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In a planned economy, which of the following does the job of market forces in order to determine the outcomes?

	Choice	Feedback
A.	Workers	
B.	Producers	
C.	Consumers	
*D.	The government	Correct! The government determines outcomes in a planned economy.

<b>Global Incorrect Feedback</b>
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The correct answer is: The government. The government determines outcomes in a planned economy.
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**Question 9b of 10** ( 1 Economic systems 201903 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the main goal of a socialist system?

	Choice	Feedback
A.	To guarantee free choice	
*B.	To provide equality of wealth	Correct! Equality is the primary goal of socialism.
C.	To motivate innovation	
D.	To maximize profit	

<b>Global Incorrect Feedback</b>
----------------------------------

The correct answer is: To provide equality of wealth. Equality is the primary goal of socialism.
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**Question 9c of 10** ( 1 Economic systems 201904 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In a command economy, who tells producers what and how much to produce?

	Choice	Feedback
*A.	Government planners	Correct! The government plays a major role in the economy in a command system.
B.	Economists	
C.	Consumers	
D.	Workers	

**Global Incorrect Feedback**

The correct answer is: Government planners. The government plays a major role in the economy in a command system.

---

**Question 10a of 10** ( 3 Economic systems 201905 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In a socialist society, the government does *not* do which of the following?

	Choice	Feedback
A.	Rations goods and services.	
B.	Sets prices for goods and services.	
*C.	Provides freedom of choice for producers.	Correct! Freedom of choice is a goal of the government in a free-market system.
D.	Decides where people work.	

**Global Incorrect Feedback**

The correct answer is: Provides freedom of choice for producers. Freedom of choice is a goal of the government in a free-market system.

---

**Question 10b of 10** ( 3 Economic systems 201906 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** In a command economy, the government does *not* do which of the following?

	Choice	Feedback
A.	Sets wages for workers.	
*B.	Decides how much consumers buy.	Correct! In a command economy, the government can decide what is available to buy, but consumers still freely choose what they buy from what is available.
C.	Sets prices for goods and services.	
D.	Assigns production goals to producers.	

**Global Incorrect Feedback**

The correct answer is: Decides how much consumers buy. In a command economy, the government can decide what is available to buy, but consumers still freely choose what they buy from what is available.

**Question 10c of 10** ( 3 Economic systems 201907 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The government does which of the following in a planned economy?

	Choice	Feedback
*A.	Runs the economic system	Correct! The government runs the economy in a planned system.
B.	Protects freedom of choice	
C.	Maximizes efficiency	
D.	Guarantees equality	

**Global Incorrect Feedback**

The correct answer is: Runs the economic system. The government runs the economy in a planned system.

PREVIEW

CLOSE

Quiz: Different Ways to Play

**Question 1a of 10** ( 1 Capitalism/socialism 201876 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which kind of economic system does a capitalist country have?

	Choice	Feedback
A.	Command	
*B.	Free-market	Correct! Capitalism is another name for the free-market system.
C.	Mixed	
D.	Planned	

**Global Incorrect Feedback**

The correct answer is: Free-market. Capitalism is another name for the free-market system.

**Question 1b of 10** ( 1 Capitalism/socialism 201877 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which kind of economic system does a socialist country have?

	Choice	Feedback
A.	Free-market	
B.	Distributive	
*C.	Planned	Correct! In socialist countries, the government tells producers what and how much to produce.
D.	Mixed	

**Global Incorrect Feedback**

The correct answer is: Planned. In socialist countries, the government tells producers what and how much to produce.

**Question 1c of 10** ( 1 Capitalism/socialism 201878 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is another term for a free-market system?

	Choice	Feedback
A.	Interventionism	
B.	Communism	
*C.	Capitalism	Correct! Capitalism is another name for the free-market system.
D.	Socialism	

**Global Incorrect Feedback**

The correct answer is: Capitalism. Capitalism is another name for the free-market system.

---

**Question 2a of 10** ( 2 Economic decisions 201879 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following groups of players make all of the economic decisions in a free-market system?

	Choice	Feedback
A.	Economic experts	
B.	Government planners	
*C.	Consumers and producers	Correct! A free-market system is one in which the free choices of consumers and producers lead to the outcomes.
D.	Workers	

**Global Incorrect Feedback**

The correct answer is: Consumers and producers. A free-market system is one in which the free choices of consumers and producers lead to the outcomes.

---

**Question 2b of 10** ( 2 Economic decisions 201880 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the role of consumers and producers in a free-market system?



	Choice	Feedback
A.	They provide goods and services to workers.	
B.	They allocate resources for production.	
*C.	They make the economic decisions.	Correct! A free-market system is one in which the free choices of consumers and producers lead to the outcomes.
D.	They do what government planners tell them.	

**Global Incorrect Feedback**

The correct answer is: They make the economic decisions. A free-market system is one in which the free choices of consumers and producers lead to the outcomes.

**Question 2c of 10** ( 2 Economic decisions 201881 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following economic systems leaves production decisions completely up to the producers?

	Choice	Feedback
*A.	Free-market economy	Correct! A free-market system leaves production decisions up to the producers.
B.	Command economy	
C.	Mixed economy	
D.	Planned economy	

**Global Incorrect Feedback**

The correct answer is: Free-market economy. A free-market system leaves production decisions up to the producers.

**Question 3a of 10** ( 1 Circular flow model 201882 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: According to the circular flow model, which of the following is *not* provided by consumers?

	Choice	Feedback
A.	Land	

<b>B.</b>	Capital	
<b>C.</b>	Labor	
<b>*D.</b>	Wages	Correct! Producers provide wages in a free-market system.

**Global Incorrect Feedback**

The correct answer is: Wages. Producers provide wages in a free-market system.

**Question 3b of 10** ( 1 Circular flow model 201883 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** According to the circular flow model, which of the following do producers provide to consumers?

	Choice	Feedback
<b>A.</b>	Resources	
<b>*B.</b>	Wages	Correct! Producers provide wages in a free-market system.
<b>C.</b>	Labor	
<b>D.</b>	Capital	

**Global Incorrect Feedback**

The correct answer is: Wages. Producers provide wages in a free-market system.

**Question 3c of 10** ( 1 Circular flow model 201884 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** According to the circular flow model, which of the following is something consumers do that influences producers?

	Choice	Feedback
<b>*A.</b>	Purchase goods and services	Correct! Consumer purchases are an important influence on producers in a free-market system.
<b>B.</b>	Provide wages and profits	
<b>C.</b>	Produce goods and services	
<b>D.</b>	Use land and capital	

**Global Incorrect Feedback**

The correct answer is: Purchase goods and services. Consumer purchases are an important influence on producers in a free-market system.

**Question 4a of 10** ( 2 Circular flow model 201885 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the free-market system follows a circular flow model?

	Choice	Feedback
A.	The allocation of resources affects both production and distribution.	
B.	Goods and services are constantly recycled in a circular manner.	
*C.	The free choices made by consumers and producers influence each other.	Correct! In a free-market system, consumers and producers influence each other.
D.	Profits flow in a circular way back and forth between consumers and producers.	

**Global Incorrect Feedback**

The correct answer is: The free choices made by consumers and producers influence each other. In a free-market system, consumers and producers influence each other.

**Question 4b of 10** ( 2 Circular flow model 201886 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how a free-market system has a circular flow of influences?

	Choice	Feedback
A.	In order to be efficient, producers recycle resources back to nature.	
*B.	Consumer decisions affect producers, and producer decisions affect consumers.	Correct! In a free-market system, consumers and producers influence each other.
C.	The allocation choices made by the government occur in natural cycles.	

D.	Wages flow in a circular way back and forth between consumers and producers.	
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**Global Incorrect Feedback**

The correct answer is: Consumer decisions affect producers, and producer decisions affect consumers. In a free-market system, consumers and producers influence each other.

**Question 4c of 10** ( 2 Circular flow model 201887 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results from the fact that a free-market system is based on the free choices of consumers and producers?

	Choice	Feedback
*A.	The free-market system has a circular flow of influences.	Correct! The free-market system is characterized by a circular flow model.
B.	Consumers and producers are often the same people.	
C.	Goals such as security and efficiency cannot be met.	
D.	The government can only command, but not plan, the economy.	

**Global Incorrect Feedback**

The correct answer is: The free-market system has a circular flow of influences. The free-market system is characterized by a circular flow model.

**Question 5a of 10** ( 3 Free choice 201888 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how free choice is protected in a free-market system?

	Choice	Feedback
A.	Consumers and producers protect their own freedom by making economic decisions.	
*B.	The government makes and enforces whatever laws are needed to guarantee free choice.	Correct! Without laws to protect people, coercion could take place.

C.	Workers pressure producers to provide them with high enough wages to make free choices.	
D.	Conflict and competition among producers automatically lead to free choice for consumers.	

**Global Incorrect Feedback**

The correct answer is: The government makes and enforces whatever laws are needed to guarantee free choice. Without laws to protect people, coercion could take place.

**Question 5b of 10** ( 3 Free choice 201889 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why competition is an important part of a free-market system?

	Choice	Feedback
A.	Government regulation is needed when there is too much competition.	
B.	Producers need competition to force them to produce.	
C.	Competition guarantees that consumers have resources.	
*D.	Without competition, people wouldn't have a lot of choices.	Correct! Competition leads to a wider range of choices.

**Global Incorrect Feedback**

The correct answer is: Without competition, people wouldn't have a lot of choices. Competition leads to a wider range of choices.

**Question 5c of 10** ( 3 Free choice 201890 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is the reason why, in a free-market society, the government passes laws against theft, coercion, and fraud?

	Choice	Feedback
*A.	To protect freedom of choice	Correct! The main purpose of the government in a free-market society is to

		protect free choice.
B.	To prevent innovation	
C.	To plan an efficient economy	
D.	To guarantee security and growth	

**Global Incorrect Feedback**

The correct answer is: To protect freedom of choice. The main purpose of the government in a free-market society is to protect free choice.

**Question 6a of 10** ( 3 Property rights 201891 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why are rules protecting private property some of the most important rules in a free-market system?

	Choice	Feedback
A.	Consumers all desire to own as much property as they can.	
*B.	Individuals need to own resources in order to make free choices.	Correct! Property rights make sure individuals have access to resources.
C.	Private property protects individuals from unnecessary government control.	
D.	Producers want to protect the profit they make by selling property to consumers.	

**Global Incorrect Feedback**

The correct answer is: Individuals need to own resources in order to make free choices. Property rights make sure individuals have access to resources.

**Question 6b of 10** ( 3 Property rights 201892 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why property rights are necessary in a free-market system?

	Choice	Feedback
A.	Market forces only work when everyone owns some property.	Corre

*B.	Property rights allow consumers and producers to make free choices.	Correct! Property rights guarantee that people have access to the resources they need to make free choices.
C.	Competition cannot exist if some own property and others do not.	
D.	The government cannot plan an efficient economy without passing laws.	

**Global Incorrect Feedback**

The correct answer is: Property rights allow consumers and producers to make free choices. Property rights guarantee that people have access to the resources they need to make free choices.

**Question 6c of 10** ( 3 Property rights 201893 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is necessary in addition to protection against theft, coercion, and fraud in order for consumers and producers to have freedom of choice?

	Choice	Feedback
*A.	Resources	Correct! Without resources, individuals cannot make their own choices.
B.	Capital	
C.	Profits	
D.	Wages	

**Global Incorrect Feedback**

The correct answer is: Resources. Without resources, individuals cannot make their own choices.

**Question 7a of 10** ( 2 Profit 201895 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the profit motive?

	Choice	Feedback
A.	The motivation to work hard at a job in order	

	to buy more goods and services.	
<b>B.</b>	The incentive to buy at a low price in order to be able to sell at a higher price.	
<b>*C.</b>	The desire to make money through the production of goods and services.	Correct! The profit motive drives producers.
<b>D.</b>	The decision to allow market forces to decide on the price of goods and services.	

**Global Incorrect Feedback**

The correct answer is: The desire to make money through the production of goods and services. The profit motive drives producers.

**Question 7b of 10** ( 2 Profit 201896 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains what market forces are?

	Choice	Feedback
<b>A.</b>	The decisions of the government that decide what will be produced.	
<b>*B.</b>	The properties of a free-market system that determine what the outcomes will be.	Correct! Market forces determine the outcomes in a free-market system.
<b>C.</b>	The laws that govern whether a producer will be able to buy low and sell high.	
<b>D.</b>	The ways that producers coerce consumers into buying at the highest price possible.	

**Global Incorrect Feedback**

The correct answer is: The properties of a free-market system that determine what the outcomes will be. Market forces determine the outcomes in a free-market system.

**Question 7c of 10** ( 2 Profit 201897 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the profit motive often leads to efficiency and innovation?

	Choice	Feedback
--	--------	----------



*A.	The competition to make profit drives producers to eliminate waste.	Correct! Making more profit usually requires eliminating waste.
B.	Profit gives producers more money to be able to buy better resources.	
C.	Consumers want to reduce waste in order to spend less on what they buy.	
D.	Losing money prevents producers from hiring the most efficient workers.	

**Global Incorrect Feedback**

The correct answer is: The competition to make profit drives producers to eliminate waste. Making more profit usually requires eliminating waste.

**Question 8a of 10** ( 1 economic systems 201899 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the following economic systems with their definitions.

Choice Text	Correct Match	Match Text
A. Free-market economy	A.	An economic system where decisions are made by producers and consumers.
B. Planned economy	C.	An economic system that uses both free-market and command principles.
C. Mixed economy	B.	An economic system run by the government.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Free-market economy: An economic system where decisions are made by producers and consumers; Planned economy: An economic system run by the government; Mixed economy: An economic system that uses both free-market and command principles.

**Question 8b of 10** ( 1 economic systems 201900 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the types of players with the economic system in which they make the important economic decisions.

Choice Text	Correct Match	Match Text
A. Consumers and producers	B.	Command economy
B. Government planners	C.	Mixed economy
C. The government and private individuals	A.	Free-market system

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Consumers and producers: Free-market system; Government planners: Command economy; The government and private individuals: Mixed economy.

---

### Question 8c of 10 ( 1 economic systems 201901 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the following actions with the system in which the government performs them.

Choice Text	Correct Match	Match Text
A. Protecting property rights	A.	Free-market system
B. Providing equality of wealth	B.	Socialism
C. Making production decisions	C.	Planned economy

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Protecting property

	rights: Free-market system; Providing equality of wealth: Socialism; Making production decisions: Planned economy.
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**Question 9a of 10** ( 1 Economic systems 201902 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In a planned economy, which of the following does the job of market forces in order to determine the outcomes?

	Choice	Feedback
A.	Workers	
B.	Producers	
C.	Consumers	
*D.	The government	Correct! The government determines outcomes in a planned economy.

<b>Global Incorrect Feedback</b>
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The correct answer is: The government. The government determines outcomes in a planned economy.
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**Question 9b of 10** ( 1 Economic systems 201903 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the main goal of a socialist system?

	Choice	Feedback
A.	To guarantee free choice	
*B.	To provide equality of wealth	Correct! Equality is the primary goal of socialism.
C.	To motivate innovation	
D.	To maximize profit	

<b>Global Incorrect Feedback</b>
----------------------------------

The correct answer is: To provide equality of wealth. Equality is the primary goal of socialism.
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**Question 9c of 10** ( 1 Economic systems 201904 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In a command economy, who tells producers what and how much to produce?

	Choice	Feedback
*A.	Government planners	Correct! The government plays a major role in the economy in a command system.
B.	Economists	
C.	Consumers	
D.	Workers	

**Global Incorrect Feedback**

The correct answer is: Government planners. The government plays a major role in the economy in a command system.

---

**Question 10a of 10** ( 3 Economic systems 201905 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In a socialist society, the government does *not* do which of the following?

	Choice	Feedback
A.	Rations goods and services.	
B.	Sets prices for goods and services.	
*C.	Provides freedom of choice for producers.	Correct! Freedom of choice is a goal of the government in a free-market system.
D.	Decides where people work.	

**Global Incorrect Feedback**

The correct answer is: Provides freedom of choice for producers. Freedom of choice is a goal of the government in a free-market system.

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**Question 10b of 10** ( 3 Economic systems 201906 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** In a command economy, the government does *not* do which of the following?

	Choice	Feedback
A.	Sets wages for workers.	
*B.	Decides how much consumers buy.	Correct! In a command economy, the government can decide what is available to buy, but consumers still freely choose what they buy from what is available.
C.	Sets prices for goods and services.	
D.	Assigns production goals to producers.	

**Global Incorrect Feedback**

The correct answer is: Decides how much consumers buy. In a command economy, the government can decide what is available to buy, but consumers still freely choose what they buy from what is available.

**Question 10c of 10** ( 3 Economic systems 201907 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The government does which of the following in a planned economy?

	Choice	Feedback
*A.	Runs the economic system	Correct! The government runs the economy in a planned system.
B.	Protects freedom of choice	
C.	Maximizes efficiency	
D.	Guarantees equality	

**Global Incorrect Feedback**

The correct answer is: Runs the economic system. The government runs the economy in a planned system.

PREVIEW

CLOSE

Quiz: Technology and Economics

**Question 1a of 10** ( 1 Technology 202810 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best defines technology?

	Choice	Feedback
A.	Information reorganization	
*B.	Anything that improves results	Correct! Technological advancements improve results.
C.	Electronic devices	
D.	New methods	

**Global Incorrect Feedback**

The correct answer is: Anything that improves results. Technological advancements improve results.

**Question 1b of 10** ( 1 Technology 202811 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When technology advances, which of the following always takes place?

	Choice	Feedback
A.	Devices are designed	
B.	Inventions are made	
*C.	Results are improved	Correct! Technological advancements improve results.
D.	Efficiency is achieved	

**Global Incorrect Feedback**

The correct answer is: Results are improved. Technological advancements improve results.

**Question 1c of 10** ( 1 Technology 202812 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes what technology does?

	Choice	Feedback
*A.	Improves results	Correct! Technological advancements improve results.
B.	Generates efficiency	
C.	Reorganizes information	
D.	Creates smaller, faster devices	

**Global Incorrect Feedback**

The correct answer is: Improves results.  
Technological advancements improve results.

**Question 2a of 10** ( 3 Technology 202813 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the old device with the improved device that does the same job better.

Choice Text	Correct Match	Match Text
A. Fireplace	B.	Computer
B. Typewriter	C.	Car
C. Horse-drawn carriage	D.	Refrigerator
D. Ice-box	A.	Oven

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Fireplace : Oven; Typewriter : Computer; Horse-drawn carriage : Car; Ice-box : Refrigerator.

**Question 2b of 10** ( 3 Technology 202814 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the technological improvement with the benefit it brings.

Choice Text	Correct Match	Match Text
A. Assembly line	B.	Improved communication
B. Internet	C.	Faster transportation
C. Cars	A.	Greater productivity

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Assembly line : Greater productivity; Internet : Improved communication; Cars : Faster transportation.

### Question 2c of 10 ( 3 Technology 202815 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the device with the improvement it brings.

Choice Text	Correct Match	Match Text
A. Power tool	A.	Faster construction
B. Cell phone	B.	Convenient communication
C. Industrial robot	C.	Reduction of human work-load

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Power tool : Faster construction; Cell phone : Convenient communication; Industrial robot : Reduction of human work-load.



### Question 3a of 10 ( 1 Methods 202816 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: method, methods

Question: Technological advancement can come from improved devices or new \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Technology may be a method or a device; it's anything that improves results.

	Global Incorrect Feedback
	The correct answer is: methods. Technology may be a method or a device; it's anything that improves results.

---

### Question 3b of 10 ( 1 Methods 202817 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: method, methods

Question: The two forms of technology are better devices and improved \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Technology may be a method or a device; it's anything that improves results.

	Global Incorrect Feedback
	The correct answer is: methods. Technology may be a method or a device; it's anything that improves results.

---

### Question 3c of 10 ( 1 Methods 202818 )

**Maximum Attempts:** 1  
**Question Type:** Text Fill In Blank  
**Maximum Score:** 2  
**Is Case Sensitive:** false  
**Correct Answer:** method, methods  
**Question:** Touch typing is an example of a way that technology is improved by new \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Technology may be a method or a device; it's anything that improves results.

	Global Incorrect Feedback
	The correct answer is: methods. Technology may be a method or a device; it's anything that improves results

### Question 4a of 10 ( 2 Productivity 202819 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** In the game of economics, producers look to technological improvements to increase which of the following?

	Choice	Feedback
A.	Inventory	
B.	Consumption	
*C.	Productivity	Correct! Greater productivity allows producers to produce more and charge lower prices.
D.	Wages	

Global Incorrect Feedback
The correct answer is: Productivity. Greater productivity allows producers to produce more and charge lower prices.

### Question 4b of 10 ( 2 Productivity 202820 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice

Maximum Score: 2

Question: Which of the following states the most direct benefit of greater productivity?

	Choice	Feedback
A.	Easier, faster devices are commonly owned.	
B.	New methods of assembly are introduced.	
C.	The price of goods and services is reduced.	
*D.	Goods and services are produced faster.	Correct! Greater productivity allows producers to produce more and charge lower prices.

**Global Incorrect Feedback**

The correct answer is: Goods and services are produced faster. Greater productivity allows producers to produce more and charge lower prices.

---

**Question 4c of 10** ( 2 Productivity 202821 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one way that technology can improve productivity?

	Choice	Feedback
*A.	Machines replace workers and eliminate human effort from the production process.	Correct! Eliminating human effort helps reduce waste and speeds up production.
B.	The assembly line enables more workers to participate in the production process.	
C.	Better methods of production allow workers to earn higher wages.	
D.	Powerful machines are less dangerous to industrial workers.	

**Global Incorrect Feedback**

The correct answer is: Machines replace workers and eliminate human effort from the production process. Eliminating human effort helps reduce waste and speeds up production.

---

**Question 5a of 10** ( 2 Technology 202822 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following was *not* a result of use of the assembly line?

	Choice	Feedback
A.	Higher productivity	
*B.	More security	Correct! Security is not one of the benefits of the assembly line.
C.	Greater efficiency	
D.	Lower prices	

**Global Incorrect Feedback**

The correct answer is: More security. Security is not one of the benefits of the assembly line.

---

**Question 5b of 10** ( 2 Technology 202823 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following typically results from the introduction of the assembly line into the production process?

	Choice	Feedback
A.	Jobs become more complicated.	
B.	Prices for goods go up.	
C.	Wages for workers go up.	
*D.	Efficiency is increased.	Correct! Assembly lines bring greater efficiency by eliminating wasted movements.

**Global Incorrect Feedback**

The correct answer is: Efficiency is increased. Assembly lines bring greater efficiency by eliminating wasted movements.

---

**Question 5c of 10** ( 2 Technology 202824 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a direct benefit of the use of assembly lines in production?

	Choice	Feedback
--	--------	----------

*A.	Wasted motion is eliminated.	Correct! Assembly lines bring greater efficiency by eliminating wasted movements.
B.	Prices and demand both fall.	
C.	Cheap goods are more rare.	
D.	Job security is enhanced.	

**Global Incorrect Feedback**

The correct answer is: Wasted motion is eliminated. Assembly lines bring greater efficiency by eliminating wasted movements.

**Question 6a of 10** ( 2 Standardization 202825 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Technology has which of the following effects on distribution?

	Choice	Feedback
A.	Package sizes are standardized.	
*B.	The shipping of goods speeds up.	Correct! Technology speeds up shipping.
C.	Delivery networks become more complex.	
D.	Internet commerce becomes less popular.	

**Global Incorrect Feedback**

The correct answer is: The shipping of goods speeds up. Technology speeds up shipping.

**Question 6b of 10** ( 2 Standardization 202826 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following methods helps speed up the distribution of goods?

	Choice	Feedback
A.	The assembly line	
B.	Touch typing	
C.	The ripple effect	
*D.	Standardization	Correct! Standardization increases efficiency in the shipping industry.

**Global Incorrect Feedback**

The correct answer is: Standardization.  
Standardization increases efficiency in the shipping industry.

**Question 6c of 10** ( 2 Standardization 202827 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The cargo container improved distribution by introducing which of the following methods into the shipping industry?

	Choice	Feedback
<b>*A.</b>	Standardization	Correct! Standardization increases efficiency in the shipping industry.
<b>B.</b>	Computer inventories	
<b>C.</b>	The assembly line	
<b>D.</b>	Bar coding	

**Global Incorrect Feedback**

The correct answer is: Standardization.  
Standardization increases efficiency in the shipping industry.

**Question 7a of 10** ( 3 Internet 202828 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a way that people can use the Internet?

	Choice	Feedback
<b>A.</b>	As a mall	
<b>B.</b>	As a library	
<b>*C.</b>	As a factory	Correct! The Internet cannot directly produce anything.
<b>D.</b>	As a university	

**Global Incorrect Feedback**

The correct answer is: As a factory. The Internet cannot directly produce anything.

### Question 7b of 10 ( 3 Internet 202829 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The information contained on the Internet makes it very much like a giant version of which of the following?

	Choice	Feedback
A.	A factory	
*B.	A library	Correct! The information available on the Internet is similar to that contained in a library.
C.	A shopping mall	
D.	A department store	

#### Global Incorrect Feedback

The correct answer is: A library. The information available on the Internet is similar to that contained in a library.

---

### Question 7c of 10 ( 3 Internet 202830 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because of e-commerce, the Internet can often replace which of the following?

	Choice	Feedback
*A.	Shopping malls	Correct! E-commerce allows people to use the Internet like a mall.
B.	Libraries	
C.	Factories	
D.	Universities	

#### Global Incorrect Feedback

The correct answer is: Shopping malls. E-commerce allows people to use the Internet like a mall.

---

### Question 8a of 10 ( 2 Internet 202831 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is the biggest and most direct effect of the Internet?

	Choice	Feedback
A.	It has made it more difficult to obtain good information.	
B.	It has made people's lives busier and more stressful.	
C.	It has led to a doubling of the gross domestic product.	
*D.	It has drastically improved communication.	Correct! Greater speed and ease of communication is what the Internet is all about.

**Global Incorrect Feedback**

The correct answer is: It has drastically improved communication. Greater speed and ease of communication is what the Internet is all about.

---

**Question 8b of 10** ( 2 Internet 202832 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is not a benefit brought by the Internet?

	Choice	Feedback
A.	Greater access to information	
B.	Easier communication	
C.	Improvements in retail sales	
*D.	Reductions in waste products	Correct! The Internet does not necessarily reduce waste.

**Global Incorrect Feedback**

The correct answer is: Reductions in waste products. The Internet does not necessarily reduce waste.

---

**Question 8c of 10** ( 2 Internet 202833 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2



**Question:** Which of the following is the most direct effect that the Internet has had on retail sales?

	Choice	Feedback
*A.	The development of e-commerce.	Correct! E-commerce did not exist before the Internet.
B.	The standardization of distribution.	
C.	The wide availability of information.	
D.	The improvement of communication.	

**Global Incorrect Feedback**

The correct answer is: The development of e-commerce. E-commerce did not exist before the Internet.

**Question 9a of 10** ( 3 E-commerce 202834 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the most direct benefit that consumers enjoy as a result of the Internet?

	Choice	Feedback
A.	Online sales enable instant gratification.	
B.	Packages arrive in the mail faster.	
*C.	It is easier to compare prices.	Correct! The wide availability of information gives consumers a chance to compare prices without having to go from store to store.
D.	Online businesses don't need many employees.	

**Global Incorrect Feedback**

The correct answer is: It is easier to compare prices. The wide availability of information gives consumers a chance to compare prices without having to go from store to store.

**Question 9b of 10** ( 3 E-commerce 202835 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the most direct benefit businesses enjoy as a result of online sales?

	Choice	Feedback
A.	There is more competition among producers.	
B.	Online sales have almost completely replaced in-store sales.	
C.	Consumers can shop for the best prices online.	
*D.	Online businesses don't need to have as many employees.	Correct! The reduction in the number of employees is a direct benefit for producers, allowing them to cut costs and lower prices.

**Global Incorrect Feedback**

The correct answer is: Online businesses don't need to have as many employees. The reduction in the number of employees is a direct benefit for producers, allowing them to cut costs and lower prices.

**Question 9c of 10** ( 3 E-commerce 202836 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a benefit brought to the consumer by online sales?

	Choice	Feedback
*A.	Online businesses don't need many employees.	Correct! The reduction in the number of employees is a direct benefit for producers, not consumers.
B.	Product information is easily available.	
C.	Shopping is more convenient.	
D.	It is easy to compare prices.	

**Global Incorrect Feedback**

The correct answer is: Online businesses don't need many employees. The reduction in the number of employees is a direct benefit for producers, not consumers.

**Question 10a of 10** ( 3 Internet 202838 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why improvements in

communication technology allow people to make better economic decisions?

	Choice	Feedback
A.	Faster communication allows consumers to avoid the information overload that makes decisions harder to make.	
*B.	Better communication makes it easier to get the information needed to come to a well-informed decision.	Correct! Information is crucial for making good decisions.
C.	Improved communication devices make it more convenient for people to talk with each other while making decisions.	
D.	Reductions in waiting time that result from widely-available communication devices enable consumers to avoid making hasty decisions.	

**Global Incorrect Feedback**

The correct answer is: Better communication makes it easier to get the information needed to come to a well-informed decision. Information is crucial for making good decisions.

**Question 10b of 10** ( 3 Internet 202839 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best shows how the Internet affects the economic decisions people make?

	Choice	Feedback
*A.	The availability of information allows people to consider more options.	Correct! Information is crucial for making good decisions.
B.	Customer reviews are leading people to make poorly-informed choices.	
C.	The convenience of e-commerce is eliminating most retail stores.	
D.	Internet advertising is the most effective form of advertising.	

**Global Incorrect Feedback**

The correct answer is: The availability of information allows people to consider more options. Information is crucial for making good decisions.

### Question 10c of 10 ( 3 Internet 202840 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following explains why the Internet can help people make better economic decisions?

	Choice	Feedback
A.	Purchasing goods and services online is more convenient.	
B.	Security measures guard people's private information.	
*C.	Information is crucial for making good decisions.	Correct! The Internet gives people easier access to more information, making well-informed decisions more likely.
D.	Faster communication increases the amount of economic activity.	

#### Global Incorrect Feedback

The correct answer is: Information is crucial for making good decisions. The Internet gives people easier access to more information, making well-informed decisions more likely.

---

PREVIEW

CLOSE

Test (CS): The Game of Economics

**Question 1a of 25** ( 1 Games 203443 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a feature common to all games?

	Choice	Feedback
A.	Outcomes	
*B.	Winners	Correct! Some games do not have a winner or loser.
C.	Players	
D.	Rules	

**Global Incorrect Feedback**

The correct answer is: Winners. Some games do not have a winner or loser.

**Question 1b of 25** ( 1 Games 203444 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a feature common to all games?

	Choice	Feedback
A.	Properties	
B.	Players	
*C.	Teams	Correct! Many games have only individual players, not teams.
D.	Rules	

**Global Incorrect Feedback**

The correct answer is: Teams. Many games have only individual players, not teams.

**Question 1c of 25** ( 1 Games 203444 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is *not* a feature common to all games?

	Choice	Feedback
A.	Properties	
B.	Players	
*C.	Teams	Correct! Many games have only individual players, not teams.
D.	Rules	

**Global Incorrect Feedback**

The correct answer is: Teams. Many games have only individual players, not teams.

---

**Question 2a of 25** ( 1 Allocation 203447 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Economics is about allocating resources to produce and distribute which of the following?

	Choice	Feedback
A.	Outcomes and properties	
B.	Consumers and producers	
*C.	Goods and services	Correct! Economics is about goods and services.
D.	Wages and profits	

**Global Incorrect Feedback**

The correct answer is: Goods and services.  
Economics is about goods and services.

---

**Question 2b of 25** ( 1 Allocation 203448 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Economics is about allocating resources for doing which of the following processes involving goods and services?

	Choice	Feedback
*A.	Production and distribution	Correct! Economics involves decisions

		about production and distribution.
<b>B.</b>	Consumption and destruction	
<b>C.</b>	Innovation and efficiency	
<b>D.</b>	Expansion and stagnation	

**Global Incorrect Feedback**

The correct answer is: Production and distribution. Economics involves decisions about production and distribution.

**Question 2c of 25** ( 1 Allocation 203449 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Economics is about doing which of the following with resources when it comes to the production and distribution of goods and services?

	Choice	Feedback
<b>A.</b>	Expanding	
<b>B.</b>	Reusing	
<b>*C.</b>	Allocating	Correct! Economics involves allocation decisions.
<b>D.</b>	Discovering	

**Global Incorrect Feedback**

The correct answer is: Allocating. Economics involves allocation decisions.

**Question 3a of 25** ( 3 decisions 203450 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an example of an allocation decision?

	Choice	Feedback
<b>*A.</b>	Coal is set aside to burn as heating fuel.	Correct! Allocation decisions set aside resources for a specific purpose.
<b>B.</b>	An assembly line is used to build cars.	
<b>C.</b>	A hub-and-spoke network is used to ship packages.	
<b>D.</b>	A telephone factory is converted to make	

computers.	
------------	--

**Global Incorrect Feedback**

The correct answer is: Coal is set aside to burn as heating fuel. Allocation decisions set aside resources for a specific purpose.

**Question 3b of 25** ( 3 decisions 203451 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an example of a production decision?

	Choice	Feedback
A.	A gas station is expanded to accommodate more cars at once.	
B.	Crude oil is set aside to refine into gasoline for cars.	
C.	A pipeline is set up to get oil from wells to refineries.	
*D.	An assembly line is used to build cars.	Correct! The way production is organized in a factory is a production decision.

**Global Incorrect Feedback**

The correct answer is: An assembly line is used to build cars. The way production is organized in a factory is a production decision.

**Question 3c of 25** ( 3 decisions 203452 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an example of a distribution decision?

	Choice	Feedback
A.	Diamonds are set aside to use for industrial drills.	
*B.	A pipeline is set up to get oil from wells to refineries.	Correct! Getting a resource from one place to another is a distribution decision.
C.	A telephone factory is converted to make computers.	
D.	A textile factory decides to use electric sewing machines.	



**Global Incorrect Feedback**

The correct answer is: A pipeline is set up to get oil from wells to refineries. Getting a resource from one place to another is a distribution decision.

**Question 4a of 25** ( 3 Goals 203462 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following describes an efficient outcome?

	Choice	Feedback
A.	A government program allocates food to the needy.	
*B.	A car is designed to waste as little fuel as possible.	Correct! Efficiency is the minimization of waste.
C.	Consumers are given the widest range of choice possible.	
D.	A company sets up retirement program for its employees.	

**Global Incorrect Feedback**

The correct answer is: A car is designed to waste as little fuel as possible. Efficiency is the minimization of waste.

**Question 4b of 25** ( 3 Goals 203463 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following describes a situation where the goal of growth is being pursued?

	Choice	Feedback
A.	Consumers reduce the amount of materials they recycle.	
B.	A factory lays off workers to become more efficient.	
*C.	A company opens a new factory and employs more workers.	Correct! New jobs means economic growth is taking place.
D.	The government establishes a retirement program for its citizens.	

**Global Incorrect Feedback**

The correct answer is: A company opens a new factory and employs more workers. New jobs means economic growth is taking place.

**Question 4c of 25** ( 3 Goals 203464 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation where the goal of security is being pursued?

	Choice	Feedback
*A.	The government establishes a retirement program for its citizens.	Correct! A retirement program provides financial security for elderly citizens.
B.	Consumers are protected against theft, fraud, and coercion.	
C.	A company opens a new factory and employs more workers.	
D.	A new government program provides food to homeless people.	

**Global Incorrect Feedback**

The correct answer is: The government establishes a retirement program for its citizens. A retirement program provides financial security for elderly citizens.

**Question 5a of 25** ( 1 Goals 203465 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* an economic goal?

	Choice	Feedback
A.	Freedom	
B.	Security	
C.	Growth	
*D.	Victory	Correct! The game of economics is not about winning or losing.

**Global Incorrect Feedback**

The correct answer is: Victory. The game of economics is not about winning or losing.

---

### Question 5b of 25 ( 1 Goals 203466 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a goal pursued in the game of economics?

	Choice	Feedback
*A.	Inflation	Correct! Inflation is a result of prices rising, not an economic goal.
B.	Freedom	
C.	Equity	
D.	Efficiency	

**Global Incorrect Feedback**

The correct answer is: Inflation. Inflation is a result of prices rising, not an economic goal.

---

### Question 5c of 25 ( 1 Goals 203467 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a goal pursued in the game of economics?

	Choice	Feedback
A.	Efficiency	
*B.	Stagnation	Correct! Stagnation is the lack of growth; growth is one of the goals people pursue in the game of economics.
C.	Growth	
D.	Security	

**Global Incorrect Feedback**

The correct answer is: Stagnation. Stagnation is the lack of growth; growth is one of the goals people pursue in the game of economics.

---

### Question 6a of 25 ( 2 Goals 203468 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why players in the game of economics are often in conflict with each other?

	Choice	Feedback
*A.	Some economic goals are incompatible with each other.	Correct! Pursuing one economic goal often gets in the way of achieving a different goal.
B.	Efficient outcomes require free choices.	
C.	Supply and demand are usually not balanced.	
D.	Producers needs consumers more than consumers need producers.	

**Global Incorrect Feedback**

The correct answer is: Some economic goals are incompatible with each other. Pursuing one economic goal often gets in the way of achieving a different goal.

---

**Question 6b of 25** ( 2 Goals 203469 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why some economic goals are incompatible with each other?

	Choice	Feedback
A.	Individuals must harm each other to get ahead in life.	
*B.	People are often in conflict over what they want.	Correct! Conflict leads to people pursuing different and sometimes incompatible goals.
C.	Both supply and demand cannot be sufficiently allocated.	
D.	Producers needs consumers more than consumers need producers.	

**Global Incorrect Feedback**

The correct answer is: People are often in conflict over what they want. Conflict leads to people pursuing different and sometimes incompatible goals.

---

### Question 6c of 25 ( 2 Goals 203470 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why goals are necessary for making allocation decisions?

	Choice	Feedback
A.	Goods and services are only meaningful once players have decided what goals to use them for.	
B.	Goods can only be distributed to consumers once those consumers decide on their goals.	
*C.	The available resources cannot be used to pursue every goal that each individual has.	Correct! Resources are limited, so goals must be set for their use.
D.	Production goals can only be met when enough resources are allocated by the government.	

#### Global Incorrect Feedback

The correct answer is: The available resources cannot be used to pursue every goal that each individual has. Resources are limited, so goals must be set for their use.

---

### Question 7a of 25 ( 2 Resources 203475 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following questions must be asked about the use of resources in an economic system?

	Choice	Feedback
A.	What allocation will provide the fastest growth?	
*B.	What is the most effective allocation?	Correct! Effectiveness of allocation is a general goal shared by all economic systems.
C.	What is the most secure allocation?	
D.	What is the fairest allocation?	

#### Global Incorrect Feedback

The correct answer is: What is the most effective allocation? Effectiveness of allocation is a general goal shared by all economic systems.

---

### Question 7b of 25 ( 2 Resources 203476 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The need to get goods from producers to consumers raises which of the following basic questions?

	Choice	Feedback
A.	What is the most effective allocation?	
*B.	How are goods and services to be distributed?	Correct! Goods must be distributed to get them from the producers to the consumers.
C.	How is production to be organized?	
D.	What is to be produced?	

#### Global Incorrect Feedback

The correct answer is: How are goods and services to be distributed? Goods must be distributed to get them from the producers to the consumers.

---

### Question 7c of 25 ( 2 Resources 203477 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following questions must be answered in order to turn resources into products?

	Choice	Feedback
*A.	How should production be organized?	Correct! Producers must organize production in order to create goods and services.
B.	How will people find jobs?	
C.	How can security be achieved?	
D.	How are goods and services to be distributed?	

#### Global Incorrect Feedback

The correct answer is: How should production be organized? Producers must organize production in order to create goods and services.

---

### Question 8a of 25 ( 2 Scarcity 203478 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the game of economics cannot eliminate scarcity?

	Choice	Feedback
A.	Human intellectual capacities are too limited to allow them to make rational allocation decisions.	
B.	Technology has not advanced far enough to create fully efficient systems of production and distribution.	
C.	The population of the Earth has grown too large to be sustained by the available natural resources.	
*D.	No matter how much supply is produced, people's demands will always increase to exceed supply.	Correct! No matter how much is produced, people will always want more.

#### Global Incorrect Feedback

The correct answer is: No matter how much supply is produced, people's demands will always increase to exceed supply. No matter how much is produced, people will always want more.

### Question 8b of 25 ( 2 Scarcity 203479 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following properties of economics results from the fact that people will always want more no matter how much is produced?

	Choice	Feedback
*A.	There is scarcity that cannot be eliminated.	Correct! Scarcity cannot be eliminated from the game of economics.
B.	Buying low and selling high is always possible.	
C.	Voluntary exchanges will always lead to a fair price.	
D.	Supply and demand will eventually be in balance with each other.	

#### Global Incorrect Feedback

The correct answer is: There is scarcity that cannot be eliminated. Scarcity cannot be eliminated from the game of economics.

---

### Question 8c of 25 ( 2 Scarcity 203480 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why resources need to be allocated in the game of economics?

	Choice	Feedback
A.	There are always different production methods for the same goods and services.	
*B.	There are not enough resources to produce all of the goods and services that everyone wants.	Correct! Scarcity makes allocation decisions necessary.
C.	Natural resources are often found in places far from where they are used for production.	
D.	If sufficient resources are not set aside for future production, scarcity cannot be eliminated.	

#### Global Incorrect Feedback

The correct answer is: There are not enough resources to produce all of the goods and services that everyone wants. Scarcity makes allocation decisions necessary.

---

### Question 9a of 25 ( 1 Capitalism 203482 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A capitalist country has which of the following economic systems?

	Choice	Feedback
*A.	Free-market	Correct! Capitalism is another name for the free-market system.
B.	Command	
C.	Planned	
D.	Socialist	

#### Global Incorrect Feedback



The correct answer is: Free-market. Capitalism is another name for the free-market system.

---

### Question 9b of 25 ( 1 Capitalism 203483 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is another term for a planned economy?

	Choice	Feedback
A.	Free-market system	
B.	Capitalist economy	
*C.	Socialist system	Correct! In socialist countries, government planners run the economy.
D.	Mixed economy	

#### Global Incorrect Feedback

The correct answer is: Socialist system. In socialist countries, government planners run the economy.

---

### Question 9c of 25 ( 1 Capitalism 203484 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A mixed economy is a combination of which of the following economic systems?

	Choice	Feedback
A.	Communism and socialism	
B.	Capitalism and anarchism	
*C.	Free-market and command	Correct! A mixed economy combines free-market and command principles.
D.	Planned and command	

#### Global Incorrect Feedback

The correct answer is: Free-market and command. A mixed economy combines free-market and command principles.

---

### Question 10a of 25 ( 2 Circular flow model 203485 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best demonstrates the way consumers and producers influence each other in the free-market system?

	Choice	Feedback
A.	A flow chart	
*B.	A circular flow model	Correct! In a free-market system, consumers and producers influence each other in a circular fashion.
C.	An assembly line	
D.	A downward spiral	

**Global Incorrect Feedback**

The correct answer is: A circular flow model. In a free-market system, consumers and producers influence each other in a circular fashion.

---

**Question 10b of 25** ( 2 Circular flow model 203486 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the circular flow model characterizes the free-market system?

	Choice	Feedback
A.	Producers recycle products discarded by producers.	
B.	Production decisions follow the cycles of nature.	
*C.	Consumers and producers influence each other in a circular fashion.	Correct! In a free-market system, consumers and producers influence each other.
D.	Profits flow in a circular way back and forth between different producers.	

**Global Incorrect Feedback**

The correct answer is: Consumers and producers influence each other in a circular fashion. In a free-market system, consumers and producers influence each other.

---

### Question 10c of 25 ( 2 Circular flow model 203487 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because the choices of consumers influence producers and the choices of producers also influence consumers, the free-market system has which of the following?

	Choice	Feedback
*A.	A circular flow of influences	Correct! The free-market system is characterized by a circular flow model.
B.	A built-in process of growth	
C.	A tendency toward equality	
D.	Only two kinds of players	

#### Global Incorrect Feedback

The correct answer is: A circular flow of influences. The free-market system is characterized by a circular flow model.

---

### Question 11a of 25 ( 3 laws in a free-market 203488 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the government makes and enforces laws in a free-market system?

	Choice	Feedback
A.	Workers pressure the government to guarantee minimum wages.	
B.	The government needs to plan efficient outcomes.	
*C.	Laws against theft, fraud, and coercion are needed to protect free choice.	Correct! Without laws to protect people, choices might not be made freely.
D.	Competition among producers by itself cannot ensure a wide range of consumer choices.	

#### Global Incorrect Feedback

The correct answer is: Laws against theft, fraud, and coercion are needed to protect free choice. Without laws to protect people, choices might not be made freely.

---

### Question 11b of 25 ( 3 laws in a free-market 203489 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following government actions is necessary to guarantee the conditions required for a free-market system?

	Choice	Feedback
*A.	Laws against theft, fraud, and coercion.	Correct! Without laws to protect people, choices might not be made freely.
B.	Decisions allocating natural resources.	
C.	Low taxes on producers' profits.	
D.	Protection of market forces.	

#### Global Incorrect Feedback

The correct answer is: Laws against theft, fraud, and coercion. Without laws to protect people, choices might not be made freely.

---

### Question 11c of 25 ( 3 laws in a free-market 203490 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best states the purpose of the laws against theft, fraud, and coercion that exist in a free-market society?

	Choice	Feedback
A.	To stimulate growth	
B.	To guarantee efficiency	
C.	To ensure innovation	
*D.	To protect free choice	Correct! The main purpose of the government in a free-market society is to protect free choice.

#### Global Incorrect Feedback

The correct answer is: To protect free choice.  
The main purpose of the government in a free-market society is to protect free choice.

---

### Question 12a of 25 ( 1 Different economic systems 203612 )

Maximum Attempts: 1

Question Type: Matching

**Maximum Score:** 2

**Question:** Match the descriptions of different economic systems with their correct name.

Choice Text	Correct Match	Match Text
A. An economic system run by the government	B.	Mixed economy
B. An economic system that uses both free-market and command principles	C.	Free-market economy
C. An economic system where decisions are made by producers and consumers	A.	Planned economy

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: An economic system run by the government : Planned economy; An economic system that uses both free-market and command principles : Mixed economy; An economic system where decisions are made by producers and consumers : Free- market economy.

---

### Question 12b of 25 ( 1 Different economic systems 203613 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the economic system with the players who are responsible for the important economic decisions.

Choice Text	Correct Match	Match Text
A. Command economy.	C.	Government officials and individual citizens.
B. Free-market system.	B.	Consumers and producers.
C. Mixed economy.	A.	Government planners.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
--	---------------------------

	The correct answer is: Command economy : Government planners; Free-market system : Consumers and producers; Mixed economy : Government officials and individual. citizens.
--	--

### Question 12c of 25 ( 1 Different economic systems 203614 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the economic system with the actions performed by the government in that system.

Choice Text	Correct Match	Match Text
A. Socialist country	A.	Providing equality of wealth
B. Planned economy	B.	Making allocation decisions
C. Free-market system	C.	Protecting freedom of choice

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Socialist country : Providing equality of wealth; Planned economy : Making allocation decisions; Free-market system : Protecting freedom of choice.

### Question 13a of 25 ( 3 Socialism 203495 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following does the government do in a socialist country?

	Choice	Feedback
*A.	Set prices for goods and services.	Correct! Under socialism, the government sets prices.
B.	Ensure free choice for consumers.	
C.	Guarantee property rights.	
D.	Protect the profit motive.	

**Global Incorrect Feedback**

The correct answer is: Set prices for goods and services. Under socialism, the government sets prices.

**Question 13b of 25** ( 3 Socialism 203496 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following *cannot* be done by the government in a command economy?

	Choice	Feedback
A.	Allocating resources for maximum production.	
B.	Setting wages for workers.	
C.	Assigning production goals to producers.	
*D.	Deciding what goods consumers buy.	Correct! In a command economy, the government can decide what is available to buy, but consumers still freely choose what they buy from what is available.

**Global Incorrect Feedback**

The correct answer is: Deciding what goods consumers buy. In a command economy, the government can decide what is available to buy, but consumers still freely choose what they buy from what is available.

**Question 13c of 25** ( 3 Socialism 203497 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following goals does the government pursue in a socialist economic system?

	Choice	Feedback
A.	Growth	
*B.	Equity	Correct! In a socialist country, the government runs the economy in order to ensure a certain level of equity among the citizens.
C.	Security	
D.	Efficiency	

**Global Incorrect Feedback**

The correct answer is: Equity. In a socialist country, the government runs the economy in order to ensure a certain level of equity among the citizens.

**Question 14a of 25** ( 2 Cost-benefit analysis 203501 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Cost-benefit analysis is a process that involves which of the following?

	Choice	Feedback
A.	Calculating a budget for each expense.	
*B.	Maximizing benefits and minimizing costs.	Correct! Cost benefit analysis helps to maximize benefits.
C.	Accurately predicting the effects of every decision.	
D.	Determining the profit that results from production decisions.	

**Global Incorrect Feedback**

The correct answer is: Maximizing benefits and minimizing costs. Cost benefit analysis helps to maximize benefits.

**Question 14b of 25** ( 2 Cost-benefit analysis 203502 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes the purpose of doing a cost-benefit analysis?

	Choice	Feedback
A.	To produce a spreadsheet predicting costs.	
*B.	To make a decision that maximizes benefits.	Correct! Cost-benefit analysis is useful when you want to get the most out of a decision.
C.	To decide how much money to invest.	
D.	To calculate the high and low price for a good.	

**Global Incorrect Feedback**



The correct answer is: To make a decision that maximizes benefits. Cost-benefit analysis is useful when you want to get the most out of a decision.

**Question 14c of 25** ( 2 Cost-benefit analysis 203503 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Cost-benefit analysis is similar to which of the following?

	Choice	Feedback
*A.	Making a decision by listing pros and cons.	Correct! Pros and cons are like benefits and costs.
B.	Making decisions with a limited amount of information.	
C.	Using economic indicators to measure economic health.	
D.	Estimating prices to the nearest dollar.	

**Global Incorrect Feedback**

The correct answer is: Making a decision by listing pros and cons. Pros and cons are like benefits and costs.

**Question 15a of 25** ( 2 Cost-benefit analysis 203510 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results from the fact that costs and benefits are based on personal preferences?

	Choice	Feedback
A.	Different types of information lead to the same decision.	
B.	Monetary factors are more important than non-monetary factors.	
*C.	Both monetary and non-monetary factors are taken into account.	Correct! There are many factors that go into a person's calculation of costs and benefits.
D.	The benefits will always be greater than the costs.	

**Global Incorrect Feedback**

The correct answer is: Both monetary and non-monetary factors are taken into account. There are many factors that go into a person's calculation of costs and benefits.

**Question 15b of 25** ( 2 Cost-benefit analysis 203511 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why minimizing costs is a rational way to make decisions?

	Choice	Feedback
*A.	Paying a cost means doing without something good or accepting something bad.	Correct! Costs are whatever people want to avoid.
B.	The maximum benefit can only be obtained by paying the lowest cost possible.	
C.	People calculate costs differently from each other.	
D.	All costs lead to benefits that outweigh the costs.	

**Global Incorrect Feedback**

The correct answer is: Paying a cost means doing without something good or accepting something bad. Costs are whatever people want to avoid.

**Question 15c of 25** ( 2 Cost-benefit analysis 203512 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the kinds of decisions that result from using cost-benefit analysis?

	Choice	Feedback
A.	An outcome that is rational if only monetary costs and benefits are included.	
B.	A maximum amount of profit for both producers and consumers.	
C.	A high sale price for producers and low buying price for consumers.	

<b>*D.</b>	An outcome with benefits that are greater than the costs.	Correct! Cost-benefit analysis is an attempt to maximize benefits.
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**Global Incorrect Feedback**

The correct answer is: An outcome with benefits that are greater than the costs. Cost-benefit analysis is an attempt to maximize benefits.

### Question 16a of 25 ( 1 Cost-benefit analysis 203518 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Calculations of cost and benefit are always which of the following?

	Choice	Feedback
<b>*A.</b>	Subjective	Correct! The way people determine costs and benefits varies from one individual to another.
<b>B.</b>	Minimum	
<b>C.</b>	Rational	
<b>D.</b>	Resourceful	

**Global Incorrect Feedback**

The correct answer is: Subjective. The way people determine costs and benefits varies from one individual to another.

### Question 16b of 25 ( 1 Cost-benefit analysis 203519 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Because calculations of cost and benefit are subjective, they can be described by which of the following?

	Choice	Feedback
<b>A.</b>	Result in the best decision.	
<b>*B.</b>	Vary from one person to another.	Correct! Subjective decisions are different for everybody.
<b>C.</b>	Require objective information.	
<b>D.</b>	Turn out the same for everybody.	

**Global Incorrect Feedback**

The correct answer is: Vary from one person to another. Subjective decisions are different for everybody.

---

### Question 16c of 25 ( 1 Cost-benefit analysis 203520 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following pairs of words best describes using cost-benefit analysis?

	Choice	Feedback
A.	Physical and intellectual	
B.	Efficient and fair	
*C.	Rational and subjective	Correct! Cost-benefit analysis is part of rational thinking but the calculations are different for everybody.
D.	Maximizing and minimizing	

#### Global Incorrect Feedback

The correct answer is: Rational and subjective. Cost-benefit analysis is part of rational thinking but the calculations are different for everybody.

---

### Question 17a of 25 ( 1 Stagnation 203521 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When the gross domestic product is neither growing nor shrinking, a country's economy is doing which of the following?

	Choice	Feedback
A.	Inflating	
B.	Producing	
*C.	Stagnating	Correct! Stagnation is when there is neither an increase or decrease in GDP.
D.	Expanding	

#### Global Incorrect Feedback

The correct answer is: Stagnating. Stagnation is when there is neither an increase or decrease in GDP.

---

### Question 17b of 25 ( 1 Stagnation 203522 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which economic indicator can show whether a country's economy is growing or stagnating?

	Choice	Feedback
A.	Inflation Rate	
*B.	Gross Domestic Product	Correct! GDP measures overall economic activity.
C.	Corporate Profit Level	
D.	Unemployment Rate	

#### Global Incorrect Feedback

The correct answer is: Gross Domestic Product.  
GDP measures overall economic activity.

### Question 17c of 25 ( 1 Stagnation 203523 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A country's economy is stagnating when the GDP is doing which of the following?

	Choice	Feedback
*A.	Neither rising nor falling	Correct! Stagnation is when there is neither an increase or decrease in GDP.
B.	Adjusted for inflation	
C.	Doubling each year	
D.	Increasing slowly	

#### Global Incorrect Feedback

The correct answer is: Neither rising nor falling.  
Stagnation is when there is neither an increase or decrease in GDP.

### Question 18a of 25 ( 2 Economic indicators 203525 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:**

Which of the following economic indicators would be most useful for figuring out how many goods are being sold to consumers?

	Choice	Feedback
A.	Consumer Price Index	
*B.	Retail sales	Correct! Retail sales is the sale of goods directly to consumers.
C.	New housing construction	
D.	Gross Domestic Product	

**Global Incorrect Feedback**

The correct answer is: Retail sales. Retail sales is the sale of goods directly to consumers.

---

**Question 18b of 25** ( 2 Economic indicators 203526 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:**

Which of the following is measured by the inflation rate?

	Choice	Feedback
*A.	The percentage rise in price levels.	Correct! The inflation rate measures how fast prices are rising.
B.	The growth of housing construction.	
C.	The overall value of goods and services.	
D.	The amount of goods sold to consumers.	

**Global Incorrect Feedback**

The correct answer is: The percentage rise in price levels. The inflation rate measures how fast prices are rising.

---

**Question 18c of 25** ( 2 Economic indicators 203527 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:**

Which of the following economic indicators would be most useful for figuring out whether the economy is growing quickly or slowly?

	Choice	Feedback
A.	Inflation Rate	
B.	New housing construction	

C.	Corporate profits	
*D.	Gross Domestic Product	Correct! The GDP measures the overall activity in an economy.

**Global Incorrect Feedback**

The correct answer is: Gross Domestic Product. The GDP measures the overall activity in an economy.

**Question 19a of 25** ( 3 Economic indicators 203528 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The Gross Domestic Product goes down when which of the following occurs?

	Choice	Feedback
*A.	Imports increase faster than exports.	Correct! Imports are subtracted from exports to calculate GDP, so rising imports reduces GDP.
B.	Consumers spend more on luxury goods.	
C.	There are too many unemployed workers.	
D.	The government spends more than it takes in.	

**Global Incorrect Feedback**

The correct answer is: Imports increase faster than exports. Imports are subtracted from exports to calculate GDP, so rising imports reduces GDP.

**Question 19b of 25** ( 3 Economic indicators 203529 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The gross domestic product goes up when there is which of the following?

	Choice	Feedback
A.	Less government spending	
B.	A rising unemployment rate	
*C.	More investment in businesses	Correct! Investment is one component of GDP, so more investment increases GDP.

D.	A reduction in exports	
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<b>Global Incorrect Feedback</b>
The correct answer is: More investment in businesses. Investment is one component of GDP, so more investment increases GDP.

**Question 19c of 25** ( 3 Economic indicators 203530 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** The gross domestic product would increase significantly if which of the following occurred?

	Choice	Feedback
A.	Investment were halved.	
*B.	Consumption doubled.	Correct! Private consumption is a major component of GDP, so doubling consumption would significantly increase GDP.
C.	Taxes were cut in half.	
D.	Imports doubled.	

<b>Global Incorrect Feedback</b>
The correct answer is: Consumption doubled. Private consumption is a major component of GDP, so doubling consumption would significantly increase GDP.

**Question 20a of 25** ( 1 Methods 204400 )

**Maximum Attempts:** 1  
**Question Type:** Text Fill In Blank  
**Maximum Score:** 2  
**Is Case Sensitive:** false  
**Correct Answer:** method, methods  
**Question:** Technological advancement can come from improved devices or new \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Technology may be a method or a



	device; it's anything that improves results.
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	<b>Global Incorrect Feedback</b>
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	The correct answer is: methods. Technology may be a method or a device; it's anything that improves results.
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### Question 20b of 25 ( 1 Methods 204401 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** method, methods

**Question:** The two forms of technology are better devices and improved \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
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	Correct! Technology may be a method or a device; it's anything that improves results.
--	---

	<b>Global Incorrect Feedback</b>
--	----------------------------------

	The correct answer is: methods. Technology may be a method or a device; it's anything that improves results.
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### Question 20c of 25 ( 1 Methods 204402 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** method, methods

**Question:** The assembly line is an example of a way that technology is improved by new \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
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	Correct! Technology may be a method or a device; it's anything that improves results.
--	---

	<b>Global Incorrect Feedback</b>
	The correct answer is: methods. Technology may be a method or a device; it's anything that improves results.

### Question 21a of 25 ( 3 Improved devices 204404 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the more powerful device with the older device that it replaced.

Choice Text	Correct Match	Match Text
A. Microwave	C.	VCR
B. Telephone	A.	Stove
C. DVD player	B.	Telegram

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Microwave : Stove; Telephone : Telegram; DVD player : VCR.

### Question 21b of 25 ( 3 Improved devices 204405 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the technological improvement with the benefit it brings.

Choice Text	Correct Match	Match Text
A. Hub-and-spoke network	A.	More efficient distribution
B. Mobile telephone	B.	Improved communication
C. Airplane	C.	Faster transportation

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
--	-------------------------

	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Hub-and-spoke network : More efficient distribution; Mobile telephone : Improved communication; Airplane : Faster transportation.

### Question 21c of 25 ( 3 Improved devices 204406 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the area of improved results with the device that brings that improvement.

Choice Text	Correct Match	Match Text
A. Improved resolution	B.	Internet
B. Instant communication	C.	Assembly line
C. Efficient production	A.	High-definition TV

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Improved resolution : High-definition TV; Instant communication : Internet; Efficient production : Assembly line.

### Question 22a of 25 ( 2 Technology and productivity 203547 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Technological improvements lead to which of the following?

	Choice	Feedback
A.	Increased allocation	
*B.	Increased productivity	Correct! Advances in technology make the productive process faster and more efficient.

C.	Increased distribution	
D.	Increased security	

**Global Incorrect Feedback**

The correct answer is: Increased productivity. Advances in technology make the productive process faster and more efficient.

**Question 22b of 25** ( 2 Technology and productivity 203548 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Consumers directly benefit from greater productivity because of which of the following?

	Choice	Feedback
A.	Older devices are replaced with newer versions more and more quickly.	
B.	Fewer workers are needed to produce more goods and services.	
*C.	Goods and services are produced faster and can be sold more cheaply.	Correct! Greater productivity allows producers to produce more and charge lower prices.
D.	The amount of natural resources needed to sustain human wants and needs decreases.	

**Global Incorrect Feedback**

The correct answer is: Goods and services are produced faster and can be sold more cheaply. Greater productivity allows producers to produce more and charge lower prices.

**Question 22c of 25** ( 2 Technology and productivity 203549 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Technological advancements can improve productivity by doing which of the following?

	Choice	Feedback
*A.	Developing machines that reduce the human effort needed to produce goods and services.	Correct! Reducing human effort helps reduce waste and speeds up production.
B.	Inventing powerful machines that are less	

	dangerous to factory workers.	
<b>C.</b>	Lengthening the assembly line so that more workers can participate in production.	
<b>D.</b>	Introducing better methods of production that allow workers to earn higher wages.	

**Global Incorrect Feedback**

The correct answer is: Developing machines that reduce the human effort needed to produce goods and services. Reducing human effort helps reduce waste and speeds up production.

**Question 23a of 25** ( 1 E-commerce 203551 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best defines e-commerce?

	Choice	Feedback
<b>A.</b>	Internet advertising	
<b>*B.</b>	Buying and selling online	Correct! E-commerce takes place when people use the Internet to buy and sell goods and services.
<b>C.</b>	Electronic production	
<b>D.</b>	E-mail communication	

**Global Incorrect Feedback**

The correct answer is: Buying and selling online. E-commerce takes place when people use the Internet to buy and sell goods and services.

**Question 23b of 25** ( 1 E-commerce 203552 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The practice of buying and selling goods and services over the Internet is known as which of the following?

	Choice	Feedback
<b>*A.</b>	E-commerce	Correct! E-commerce takes place when people use the Internet to buy and sell goods and services.
<b>B.</b>	Auctioning	

C.	I-buying	
D.	Retail sales	

**Global Incorrect Feedback**

The correct answer is: E-commerce. E-commerce takes place when people use the Internet to buy and sell goods and services.

**Question 23c of 25** ( 1 E-commerce 203553 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** E-commerce is an online form of which of the following?

	Choice	Feedback
A.	Gambling	
B.	Communication	
*C.	Retail sales	Correct! E-commerce is when retail sales are conducted on the Internet.
D.	Production	

**Global Incorrect Feedback**

The correct answer is: Retail sales. E-commerce is when retail sales are conducted on the Internet.

**Question 24a of 25** ( 2 E-commerce 203554 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is one of the advantages consumers enjoy because of e-commerce?

	Choice	Feedback
*A.	The Internet makes it easy to compare prices.	Correct! It is easy to see how much different sellers are charging for the same product.
B.	High-demand items sell out quickly.	
C.	There are fewer physical stores around.	
D.	Specialty products aren't widely available.	

**Global Incorrect Feedback**

The correct answer is: The Internet makes it easy to compare prices. It is easy to see how much different sellers are charging for the same product.

### Question 24b of 25 ( 2 E-commerce 203555 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one of the benefits e-commerce brings to consumers?

	Choice	Feedback
A.	Credit debt is more common.	
B.	Internet advertising is effective.	
C.	There are fewer stores to go to.	
*D.	Shipping gifts is easy.	Correct! When buying online, you can ship gifts without an extra trip to the post office.

#### Global Incorrect Feedback

The correct answer is: Shipping gifts is easy. When buying online, you can ship gifts without an extra trip to the post office.

### Question 24c of 25 ( 2 E-commerce 203556 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does the Internet provide for online customers?

	Choice	Feedback
A.	Security hazards	
B.	Distribution	
C.	Lower prices	
*D.	Convenience	Correct! Online shopping saves time and energy, making it much more convenient for many people.

#### Global Incorrect Feedback

The correct answer is: Convenience. Online shopping saves time and energy, making it much more convenient for many people.

---

**Question 25a of 25** ( 3 The Internet and economic decisions 203558 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** The Internet enables people to make better economic decisions because they can do which of the following?

	Choice	Feedback
A.	Avoid the information overload that makes it harder to choose one thing over another.	
B.	Retrieve information quickly so that instant gratification is more possible.	
*C.	Get the information that is necessary for making good choices.	Correct! Information is crucial for making good decisions.
D.	Find out whether or not certain products involve both monetary and non-monetary costs.	

**Global Incorrect Feedback**

The correct answer is: Get the information that is necessary for making good choices.  
Information is crucial for making good decisions.

---

**Question 25b of 25** ( 3 The Internet and economic decisions 203559 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** The Internet influences the economic decisions people make because of which of the following?

	Choice	Feedback
A.	E-commerce reduces the amount of competition among producers.	
*B.	The information that is accessible allows consumers to consider every available option.	Correct! Information is crucial for making good decisions.
C.	Advertising on the Internet is much easier to ignore than other advertising.	
D.	Consumers are too busy handling the overflow of e-mail to make well-informed choices.	

**Global Incorrect Feedback**

The correct answer is: The information that is accessible allows consumers to consider every



available option. Information is crucial for making good decisions.

**Question 25c of 25** ( 3 The Internet and economic decisions 203560 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The Internet helps consumers make well-informed decisions because of which of the following?

	Choice	Feedback
*A.	It provides the information that is crucial for making good choices.	Correct! The Internet gives people easier access to more information, making well-informed decisions more likely.
B.	E-commerce makes it more convenient to purchase goods.	
C.	It speeds up the pace of both production and consumption.	
D.	Private financial information can be handled more securely.	

**Global Incorrect Feedback**

The correct answer is: It provides the information that is crucial for making good choices. The Internet gives people easier access to more information, making well-informed decisions more likely.

PREVIEW

CLOSE

Quiz: Consumers and Producers

**Question 1a of 10** ( 1 Economic roles 209073 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In the game of economics, which of the following players use goods and services?

	Choice	Feedback
A.	Distributors	
*B.	Consumers	Correct! Consumers consume goods and services.
C.	Producers	
D.	Workers	

**Global Incorrect Feedback**

The correct answer is: Consumers. Consumers consume goods and services.

**Question 1b of 10** ( 1 Economic roles 209074 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In the game of economics, which player has the role of providing goods and services?

	Choice	Feedback
A.	Economists	
B.	Consumers	
*C.	Producers	Correct! Producers make all of the goods and services available to consumers.
D.	Resources	

**Global Incorrect Feedback**

The correct answer is: Producers. Producers make all of the goods and services available to consumers.

### Question 1c of 10 ( 1 Economic roles 209075 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In the game of economics, every person alive plays the role of which of the following?

	Choice	Feedback
*A.	Consumer	Correct! Everyone needs to consume goods to stay alive.
B.	Distributor	
C.	Producer	
D.	Worker	

#### Global Incorrect Feedback

The correct answer is: Consumer. Everyone needs to consume goods to stay alive.

---

### Question 2a of 10 ( 2 Consumer purchases 209076 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes how consumers let producers know what they want to buy and how much they're willing to pay?

	Choice	Feedback
A.	Producers send questionnaires to consumers asking them direct questions.	
B.	Producers pay credit companies for consumers' financial records.	
*C.	The purchases consumers make indicate their desires to producers.	Correct! Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.
D.	Consumers send letters and e-mails to producers stating their preferences.	

#### Global Incorrect Feedback

The correct answer is: The purchases consumers make indicate their desires to producers. Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.

---

### Question 2b of 10 ( 2 Consumer purchases 209077 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following do producers pay attention to in order to know what people want to buy and how much they're willing to pay?

	Choice	Feedback
*A.	Consumers' purchases	Correct! Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.
B.	Allocation decisions	
C.	Economic indicators	
D.	Government reports	

#### Global Incorrect Feedback

The correct answer is: Consumers' purchases. Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.

### Question 2c of 10 ( 2 Consumer purchases 209078 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how consumers' purchases influence the decisions of producers?

	Choice	Feedback
A.	Producers can judge whether they have an efficient production process based on what consumers buy.	
B.	Producers can determine how best to reduce waste by knowing what consumers don't buy.	
C.	Producers can predict the effects of new technologies based on the technologies used by consumers.	
*D.	Producers can figure out what consumers are willing to pay based on what they buy.	Correct! Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.

#### Global Incorrect Feedback

The correct answer is: Producers can figure out

what consumers are willing to pay based on what they buy. Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.

---

**Question 3a of 10** ( 1 Economic roles 209079 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In economics, all goods and services available to consumers are provided by which of the following?

	Choice	Feedback
*A.	Producers	Correct! Producers are the ones who create all goods and services.
B.	Economists	
C.	The government	
D.	Nature	

**Global Incorrect Feedback**

The correct answer is: Producers. Producers are the ones who create all goods and services.

---

**Question 3b of 10** ( 1 Economic roles 209080 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In economics, all goods and services that exist must be made by which of the following?

	Choice	Feedback
A.	Nature	
*B.	Workers	Correct! Workers make the goods and services that producers sell to consumers.
C.	Consumers	
D.	Capital	

**Global Incorrect Feedback**

The correct answer is: Workers. Workers make the goods and services that producers sell to consumers.

---

### Question 3c of 10 ( 1 Economic roles 209081 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In the game of economics, producers get the information they need to determine how much people are willing to pay for a good or service from which of the following?

	Choice	Feedback
A.	Distributors	
*B.	Consumers	Correct! Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.
C.	Economists	
D.	Other producers	

#### Global Incorrect Feedback

The correct answer is: Consumers. Consumers show the producers what they're willing to buy and the price they're willing to pay by the purchases they make.

---

### Question 4a of 10 ( 2 Economic roles 209082 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In economics, workers are both producers and which of the following?

	Choice	Feedback
A.	Distributors	
B.	Citizens	
*C.	Consumers	Correct! Workers straddle the line between consumers and producers.
D.	Economists	

#### Global Incorrect Feedback

The correct answer is: Consumers. Workers straddle the line between consumers and producers.

---

### Question 4b of 10 ( 2 Economic roles 209083 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In economics, workers play a double role, functioning as which of the following?

	Choice	Feedback
A.	Economists and individuals	
*B.	Consumers and producers	Correct! Workers straddle the line between consumers and producers.
C.	Employers and employees	
D.	Resources and researchers	

**Global Incorrect Feedback**

The correct answer is: Consumers and producers. Workers straddle the line between consumers and producers

---

**Question 4c of 10** ( 2 Economic roles 209084 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In economics, workers are both producers and which of the following?

	Choice	Feedback
*A.	Consumers	Correct! Workers straddle the line between consumers and producers.
B.	Citizens	
C.	Distributors	
D.	Economists	

**Global Incorrect Feedback**

The correct answer is: Consumers. Workers straddle the line between consumers and producers.

---

**Question 5a of 10** ( 2 Businesses 209085 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is necessary for hiring workers and organizing production?

	Choice	Feedback
A.	Natural resources	
B.	Economists	
C.	The government	
*D.	Businesses	Correct! Businesses hire, organize, and supply workers so that goods and services can be produced.

**Global Incorrect Feedback**

The correct answer is: Businesses. Businesses hire, organize, and supply workers so that goods and services can be produced.

**Question 5b of 10** ( 2 Businesses 209086 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Businesses are necessary in order to perform which of the following functions?

	Choice	Feedback
*A.	Hire, organize, and supply workers.	Correct! Businesses employ people in order to produce goods and services.
B.	Pay taxes to the government.	
C.	Make allocation decisions for society.	
D.	Buy the goods not purchased by consumers.	

**Global Incorrect Feedback**

The correct answer is: Hire, organize, and supply workers. Businesses employ people in order to produce goods and services.

**Question 5c of 10** ( 2 Businesses 209087 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In economics, businesses do all *except* which of the following?

	Choice	Feedback
A.	Purchase resources	
B.	Hire workers	



*C.	Guide the economy	Correct! The government guides the economy.
D.	Organize production	

**Global Incorrect Feedback**

The correct answer is: Guide the economy. The government guides the economy.

**Question 6a of 10** ( 3 Economic roles 209088 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the role with the actions taken by players in that role.

Choice Text	Correct Match	Match Text
A. Consumer	B.	Providing goods and services
B. Producer	A.	Purchasing goods and services
C. Worker	C.	Making goods and services

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Consumer : Purchasing goods and services; Producer : Providing goods and services; Worker : Making goods and services.

**Question 6b of 10** ( 3 Economic roles 209089 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the role with what each player in that role does.

Choice Text	Correct Match	Match Text
A. Consumer	C.	Makes goods
B. Producer	B.	Provides goods
C. Worker	A.	Uses goods

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Consumer : Uses goods; Producer : Provides goods; Worker : Makes goods.

---

### Question 6c of 10 ( 3 Economic roles 209090 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the role with the correct example of someone playing that role.

Choice Text	Correct Match	Match Text
A. Consumer	B.	Factory owner
B. Producer	C.	Auto mechanic
C. Worker	A.	Car owner

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Consumer : Car owner; Producer : Factory owner; Worker : Auto mechanic.

---

### Question 7a of 10 ( 2 Market research 209091 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following helps producers figure out what consumers want?

	Choice	Feedback
A.	Consumers	

*B.	Market research	Correct! Market research gives producers information about what consumers are buying and willing to pay.
C.	Economists	
D.	Judges	

**Global Incorrect Feedback**

The correct answer is: Market research. Market research gives producers information about what consumers are buying and willing to pay.

**Question 7b of 10** ( 2 Market research 209092 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Producers use surveys and focus groups for which of the following purposes?

	Choice	Feedback
A.	To provide incentives to buy their products.	
B.	To lure consumers to make purchases.	
C.	To find out what is needed for production.	
*D.	To conduct effective market research.	Correct! Surveys and focus groups help producers figure out what consumers want.

**Global Incorrect Feedback**

The correct answer is: To conduct effective market research. Surveys and focus groups help producers figure out what consumers want.

**Question 7c of 10** ( 2 Market research 209093 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following are useful for conducting market research?

	Choice	Feedback
*A.	Focus groups	Correct! Focus groups allow producers to study consumers' responses to their products.
B.	Budget spreadsheets	

<b>C.</b>	Cost-benefit analysis	
<b>D.</b>	Reference books	

**Global Incorrect Feedback**

The correct answer is: Focus groups. Focus groups allow producers to study consumers' responses to their products.

**Question 8a of 10** ( 3 Consumers' decisions 209135 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each description with the type of consumer influence it represents.

Choice Text	Correct Match	Match Text
<b>A.</b> Buying mirrored sunglasses because your friends all have them.	<b>B.</b>	Cultural
<b>B.</b> Buying mirrored sunglasses as a Christmas gift for a friend.	<b>A.</b>	Peer pressure
<b>C.</b> Buying mirrored sunglasses because they're the hot new thing.	<b>C.</b>	Trend

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Peer pressure: Buying mirrored sunglasses because your friends all have them; Cultural : Buying mirrored sunglasses as a Christmas gift for a friend; Trend : Buying mirrored sunglasses because they're the hot new thing.

**Question 8b of 10** ( 3 Consumers' decisions 209136 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of consumer influence with an example of that influence in action.

Choice Text	Correct Match	Match Text
A. Peer pressure	A.	Choosing a red and black sweater because those are school colors
B. Cultural	C.	Buying a sweater after winter is over because of a clearance sale
C. Price	B.	Wearing a Santa Claus sweater because Christmas is approaching

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Peer pressure : Choosing a red and black sweater because those are school colors; Cultural : Wearing a Santa Claus sweater because Christmas is approaching; Price : Buying a sweater after winter is over because of a clearance sale.

### Question 8c of 10 ( 3 Consumers' decisions 209137 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each action with the type of influence it represents.

Choice Text	Correct Match	Match Text
A. Recycling to conserve on scarce natural resources	C.	Cultural
B. Purchasing used clothing to save money	A.	Environmental
C. Buying a turkey for Thanksgiving dinner	B.	Price

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Environmental : Recycling to conserve on scarce natural resources; Price : Purchasing used clothing to save money; Cultural : Buying a turkey for

Thanksgiving dinner.
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**Question 9a of 10** ( 2 Market research 209097 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the purpose of market research?

	Choice	Feedback
A.	To provide consumers with quality information.	
B.	To make production more efficient.	
C.	To measure the overall health of the economy.	
*D.	To help producers make more money.	Correct! Producers use market research to figure out what consumers want.

<b>Global Incorrect Feedback</b>
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The correct answer is: To help producers make more money. Producers use market research to figure out what consumers want.
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**Question 9b of 10** ( 2 Market research 209098 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the incentive for producers to conduct market research?

	Choice	Feedback
*A.	The desire to know what consumers want.	Correct! Producers want to know what consumers are going to buy and what they're willing to pay for it.
B.	A motivation to pay fewer taxes.	
C.	A concern for the environment.	
D.	The need to know what other producers are doing.	

<b>Global Incorrect Feedback</b>
----------------------------------

The correct answer is: The desire to know what consumers want. Producers want to know what consumers are going to buy and what they're willing to pay for it.
---

**Question 9c of 10** ( 2 Market research 209099 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following statements best explains why producers conduct market research?

	Choice	Feedback
A.	Understanding market forces enables producers to make free choices.	
B.	Anticipating trends makes it easier to distribute goods and services.	
*C.	Knowing what consumers want helps producers make more money.	Correct! Market research enables producers to sell more to consumers.
D.	Predicting what the government will do helps producers reduce costs.	

**Global Incorrect Feedback**

The correct answer is: Knowing what consumers want helps producers make more money. Market research enables producers to sell more to consumers.

**Question 10a of 10** ( 2 Consumers' decisions 209100 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does *not* influence consumers' decisions?

	Choice	Feedback
*A.	The GDP	Correct! The gross domestic product does not have much to do with a consumer's individual decisions.
B.	Culture	
C.	Peer pressure	
D.	Trends	

**Global Incorrect Feedback**

The correct answer is: The GDP. The gross domestic product does not have much to do with a consumer's individual decisions.

**Question 10b of 10** ( 2 Consumers' decisions 209101 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a reason why peer pressure influences consumers?

	Choice	Feedback
A.	Everyone wants to celebrate the same holidays.	
B.	Traditions usually require particular goods.	
*C.	People often compare themselves to others.	Correct! Comparing yourself to others and letting their decisions influence yours is how peer pressure works.
D.	Demand goes down when everyone already has something.	

**Global Incorrect Feedback**

The correct answer is: People often compare themselves to others. Comparing yourself to others and letting their decisions influence yours is how peer pressure works.

---

**Question 10c of 10** ( 2 Consumers' decisions 209102 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Peer pressure can be intensified by the existence of which of the following?

	Choice	Feedback
A.	Culture	
*B.	Trends	Correct! A trend shows that many other people want the same thing.
C.	Incentives	
D.	Producers	

**Global Incorrect Feedback**

The correct answer is: Trends. A trend shows that many other people want the same thing.

---



## Quiz: Consumer Choice

**Question 1a of 10** ( 1 Rational choice 209157 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an essential part of making a rational choice?

	Choice	Feedback
A.	Reducing fixed expenses	
B.	Eliminating opportunity costs	
*C.	Doing cost-benefit analysis	Correct! A rational choice is a decision based on comparing the benefits and costs of an action.
D.	Acquiring assets	

**Global Incorrect Feedback**

The correct answer is: Doing cost-benefit analysis. A rational choice is a decision based on comparing the benefits and costs of an action.

**Question 1b of 10** ( 1 Rational choice 209158 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is useful for making rational choices?

	Choice	Feedback
A.	An assembly line	
*B.	Financial planning	Correct! Financial planning is useful for devising a rational strategy for reaching economic goals.
C.	Distribution networks	
D.	Discretionary spending	

**Global Incorrect Feedback**

The correct answer is: Financial planning. Financial planning is useful for devising a rational strategy for reaching economic goals.

### Question 1c of 10 ( 1 Rational choice 209159 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following terms best characterizes cost-benefit analysis?

	Choice	Feedback
*A.	Rational	Correct! A rational choice is a decision based on comparing the benefits and costs of an action.
B.	Discretionary	
C.	Financial	
D.	Monetary	

#### Global Incorrect Feedback

The correct answer is: Rational. A rational choice is a decision based on comparing the benefits and costs of an action.

---

### Question 2a of 10 ( 2 Financial planning 209160 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the main purpose of a budget?

	Choice	Feedback
A.	To get a good credit rating.	
*B.	To plan income and expenses.	Correct! A budget is a plan that spells out income and expenses.
C.	To eliminate flexible expenses.	
D.	To reduce discretionary spending.	

#### Global Incorrect Feedback

The correct answer is: To plan income and expenses. A budget is a plan that spells out income and expenses.

---

### Question 2b of 10 ( 2 Financial planning 209161 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of the statements below best explains why a budget is useful?

	Choice	Feedback
*A.	Budgets help people reach their financial goals.	Correct! By keeping expenses below income, a budget can help people save toward their financial goals.
B.	Budgets eliminate discretionary spending.	
C.	Budgets make sure people don't spend a lot of money.	
D.	Budgets keep track of every fixed and flexible expense.	

**Global Incorrect Feedback**

The correct answer is: Budgets help people reach their financial goals. By keeping expenses below income, a budget can help people save toward their financial goals.

**Question 2c of 10** ( 2 Financial planning 209162 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains how budgeting helps consumers reach their financial goals?

	Choice	Feedback
A.	Budgets enable consumers to find the lowest prices for the goods and services they need.	
B.	Budgets help consumers compete with produces for scarce natural resources.	
*C.	Budgets allow consumers to control how much money they have going out for expenses.	Correct! By controlling expenses, consumers can save money toward their financial goals.
D.	Budgets provide consumers with the product information needed to make well-informed decisions.	

**Global Incorrect Feedback**

The correct answer is: Budgets allow consumers to control how much money they have going out for expenses. By controlling expenses, consumers can save money toward their financial goals.

**Question 3a of 10** ( 2 Financial planning 209163 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the main purpose of short-term planning?

	Choice	Feedback
*A.	To meet fixed expenses and allow for discretionary spending.	Correct! Short-term planning takes care of expenses in the near future.
B.	To provide savings that can be invested for a retirement fund.	
C.	To eliminate flexible expenses in order to save for financial goals.	
D.	To meet large-scale financial goals such as college or home-ownership.	

**Global Incorrect Feedback**

The correct answer is: To meet fixed expenses and allow for discretionary spending. Short-term planning takes care of expenses in the near future.

---

**Question 3b of 10** ( 2 Financial planning 209164 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the purpose of long-term planning?

	Choice	Feedback
A.	To reduce the need for discretionary spending.	
B.	To meet fixed expenses that arise each month.	
*C.	To save for large purchases in the future.	Correct! Long-term planning is aimed at securing the financial resources for things such as college, home-ownership, and retirement.
D.	To eliminate impulse buying from the list of expenses.	

**Global Incorrect Feedback**

The correct answer is: To save for large purchases in the future. Long-term planning is aimed at securing the financial resources for things such as college, home-ownership, and retirement.

---

**Question 3c of 10** ( 2 Financial planning 209165 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the difference between short-term and long-term planning?

	Choice	Feedback
A.	Short-term planning seeks to reduce discretionary spending while long-term planning seeks to reduce flexible expenses.	
B.	Short-term planning involves setting monetary goals while long-term planning involves setting non-monetary goals.	
C.	Short-term planning involves only small amounts of money while long-term planning involves large sums of money.	
*D.	Short-term planning takes care of regular expenses in the near future while long-term planning involves saving for large purchases further in the future.	Correct! Short-term planning and long-term planning look different distances into the future.

Global Incorrect Feedback
The correct answer is: Short-term planning takes care of regular expenses in the near future while long-term planning involves saving for large purchases further in the future. Short-term planning and long-term planning look different distances into the future.

**Question 4a of 10** ( 1 Utility 209166 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: utility

Question: Economists measure the personal satisfaction someone gets from consuming goods and services with the concept of \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Utility is a person's satisfaction with the outcomes they get from consumption.

	<b>Global Incorrect Feedback</b>
	The correct answer is: utility. Utility is a person's satisfaction with the outcomes they get from consumption.

### Question 4b of 10 ( 1 Utility 209167 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** satisfaction

**Question:** Utility is the concept that economists use to measure the \_\_\_\_\_ a person gets from the use or consumption of goods and services.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! Utility is a person's satisfaction with the outcomes they get from consumption.

	<b>Global Incorrect Feedback</b>
	The correct answer is: satisfaction. Utility is a person's satisfaction with the outcomes they get from consumption.

### Question 4c of 10 ( 1 Utility 209168 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** utility

**Question:** Economists use the concept of \_\_\_\_\_ to measure the satisfaction a person gets from the use or consumption of goods and services.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! Utility is a person's satisfaction with the outcomes they get from consumption.

	<b>Global Incorrect Feedback</b>
	The correct answer is: utility. Utility is a person's satisfaction with the outcomes they get from consumption.

**Question 5a of 10** ( 2 Rational choice 209172 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a tool of rational choice?

	Choice	Feedback
A.	Using marginal analysis	
*B.	Devising monetary policies	Correct! Monetary policy is one tool that the government can use to keep the economy stable.
C.	Considering opportunity costs	
D.	Conducting a cost-benefit analysis	

<b>Global Incorrect Feedback</b>
The correct answer is: Devising monetary policies. Monetary policy is one tool that the government can use to keep the economy stable.

**Question 5b of 10** ( 2 Rational choice 209173 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* something that consumers need to pay attention to in order to make rational choices?

	Choice	Feedback
A.	Opportunity costs	
B.	Utilities	
*C.	Productivity levels	Correct! Producers, not consumers, need to pay attention to productivity levels.
D.	Marginal costs and benefits	

<b>Global Incorrect Feedback</b>
The correct answer is: Productivity levels. Producers, not consumers, need to pay

attention to productivity levels.

### Question 5c of 10 ( 2 Rational choice 209174 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why considering opportunity costs is a rational thing for consumers to do?

	Choice	Feedback
*A.	What you sacrifice for a decision is one of the non-monetary costs of many choices.	Correct! Opportunity costs make consumers consider what they're giving up to make a certain choice.
B.	All choices for something involve giving something else up.	
C.	Knowing how much one more unit will cost is important information.	
D.	It is impossible to know the utility of something without understanding its opportunity cost.	

#### Global Incorrect Feedback

The correct answer is: What you sacrifice for a decision is one of the non-monetary costs of many choices. Opportunity costs make consumers consider what they're giving up to make a certain choice.

### Question 6a of 10 ( 1 Keyterm definitions 209175 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the following terms with their definitions.

Choice Text	Correct Match	Match Text
A. Opportunity cost	B.	A decision-making tool that weighs additional costs and benefits of going for one more unit of something.
B. Marginal analysis	C.	Purchases for whatever someone wants.
C. Discretionary spending	A.	The best alternative given up by a particular decision.
D. Risk aversion	D.	The amount of reluctance a person has to taking chances.

Attempt | Incorrect Feedback



1st	
-----	--

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Opportunity cost : The best alternative given up by a particular decision; Marginal analysis : A decision-making tool that weighs additional costs and benefits of going for one more unit of something; Discretionary spending : Purchases for whatever someone wants; Risk aversion : The amount of reluctance a person has to taking chances.

### Question 6b of 10 ( 1 Keyterm definitions 209176 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the following terms with their definitions.

Choice Text	Correct Match	Match Text
A. Rational choice	D.	The amount of reluctance a person has to taking chances.
B. Utility	C.	A decision-making tool that weighs additional costs and benefits of going for one more unit of something.
C. Marginal analysis	B.	Measurement of personal satisfaction of wants and needs gained from the use or consumption of goods and services.
D. Risk aversion	A.	Logical decision-making based on thoughtful analysis that compares the benefits and costs of an action.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Rational choice : Logical decision-making based on thoughtful analysis that compares the benefits and costs of an action; Utility : Measurement of personal satisfaction of wants and needs gained from the use or consumption of goods and services; Marginal analysis : A decision-making tool that weighs additional costs and benefits of going for one more unit of something; Risk aversion : The amount of reluctance a person has to taking

	chances.
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**Question 6c of 10** ( 1 Keyterm definitions 209177 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the following terms with their definitions.

Choice Text	Correct Match	Match Text
A. Rational choice	B.	The best alternative given up by a particular decision.
B. Opportunity cost	C.	Creating a strategy to pay for necessities and save for future goals.
C. Financial planning	A.	Logical decision-making based on thoughtful analysis that compares the benefits and costs of an action.
D. Utility	D.	Measurement of personal satisfaction of wants and needs gained from the use or consumption of goods and services.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Rational choice : Logical decision-making based on thoughtful analysis that compares the benefits and costs of an action; Opportunity cost : The best alternative given up by a particular decision; Financial planning : Creating a strategy to pay for necessities and save for future goals; Utility : Measurement of personal satisfaction of wants and needs gained from the use or consumption of goods and services.

**Question 7a of 10** ( 2 Consumer influences 209178 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following does culture contribute to the preferences and behaviors of consumers?

	Choice	Feedback
A.	Trends and ideas	

B.	Rational choice	
*C.	Values and beliefs	Correct! Culture strongly influences a consumer's desires for specific goods and services because it transmits a set of values and beliefs from groups to individuals.
D.	A level of risk aversion	

**Global Incorrect Feedback**

The correct answer is: Values and beliefs. Culture strongly influences a consumer's desires for specific goods and services because it transmits a set of values and beliefs from groups to individuals.

**Question 7b of 10** ( 2 Consumer influences 209179 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes how culture can influence consumer behavior?

	Choice	Feedback
*A.	Cultures have traditions that involve consuming specific goods or services.	Correct! Cultural traditions such as holidays often involve specific foods or gifts.
B.	Personal preferences are solely determined by culture and tradition.	
C.	Strong cultural traditions make people more likely to react to peer pressure.	
D.	The beliefs transmitted by culture ensure that consumers make only rational choices.	

**Global Incorrect Feedback**

The correct answer is: Cultures have traditions that involve consuming specific goods or services. Cultural traditions such as holidays often involve specific foods or gifts.

**Question 7c of 10** ( 2 Consumer influences 209180 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes one of the ways that culture influences

consumer behavior?

	Choice	Feedback
A.	Many cultures promote the belief that hard work is an end in itself.	
*B.	Traditions and holidays often involve specific foods or gifts.	Correct! Cultures have traditions that involve consuming specific goods or services.
C.	Cultures produce values and beliefs that differ from one person to the next.	
D.	People with strong cultural traditions are more likely to make rational choices.	

**Global Incorrect Feedback**

The correct answer is: Traditions and holidays often involve specific foods or gifts. Cultures have traditions that involve consuming specific goods or services.

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**Question 8a of 10** ( 3 Risk aversion 209185 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why some people play the lottery and others do not?

	Choice	Feedback
*A.	Different people have different levels of risk aversion.	Correct! Risk aversion is a person's tolerance for taking certain kinds of chances, like betting money on a very small chance of getting a pay-off.
B.	Not everyone can afford to buy a lottery ticket.	
C.	Many people don't mind bearing a cost that has no benefit.	
D.	Some people need the money from the jackpot more than others.	

**Global Incorrect Feedback**

The correct answer is: Different people have different levels of risk aversion. Risk aversion is a person's tolerance for taking certain kinds of chances, like betting money on a very small chance of getting a pay-off.

---

**Question 8b of 10** ( 3 Risk aversion 209186 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why some people are more strongly motivated to save money than other people?

	Choice	Feedback
A.	Many people have only checking accounts.	
B.	Not everyone has enough money to save.	
*C.	People assess future risks differently from each other.	Correct! The motivation to save money is partly a result of someone's level of risk aversion.
D.	Some people have unrealizable financial goals.	

**Global Incorrect Feedback**

The correct answer is: People assess future risks differently from each other. The motivation to save money is partly a result of someone's level of risk aversion.

---

**Question 8c of 10** ( 3 Risk aversion 209187 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why some people invest their savings in the stock market and others put their savings in bank accounts?

	Choice	Feedback
A.	People with too much credit card debt cannot make investments.	
*B.	Some people feel that the stock market is too risky for them.	Correct! Different people have different levels of risk aversion.
C.	Not every company has stock that can be purchased in the stock market.	
D.	Not everyone knows that savings accounts are insured by the government.	

**Global Incorrect Feedback**

The correct answer is: Some people feel that the stock market is too risky for them. Different people have different levels of risk aversion.

---

**Question 9a of 10** ( 2 Consumer influences 209181 )

**Maximum Attempts:** 1

**Question Type:** Multiple Response

**Maximum Score:** 2

**Question:** Which of the following are some of the ways that the media influences consumer behavior?

*Check all that apply.*

**Correct Answers:**

	Choice
*A.	Advertising
*B.	News broadcasts
*C.	Product placement
D.	Marginal analysis
E.	Rational choice
F.	Risk aversion.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	Thr correct answers are: Advertising, news broadcasts, and product placement.

### Question 9b of 10 ( 2 Consumer influences 209182 )

**Maximum Attempts:** 1

**Question Type:** Multiple Response

**Maximum Score:** 2

**Question:** Which of the following are techniques that companies use to influence consumer demand for their goods and services?

*Check all that apply.*

**Correct Answers:**

	Choice
A.	Selling goods for less than they cost to produce
*B.	Getting people in movies to use their products

*C.	Creating images of consumption on popular TV shows
D.	Branding a product based on a negative news story
*E.	Turning luxuries into necessities

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Turning luxuries into necessities, getting people in movies to use their products, and creating images of consumption on popular TV shows.

### Question 9c of 10 ( 2 Consumer influences 209183 )

Maximum Attempts: 1

Question Type: Multiple Response

Maximum Score: 2

Question: Which of the following are ways that companies attempt to influence consumers so that they will buy their products instead of those being sold by the competition?

*Check all that apply.*

Correct Answers:

	Choice
*A.	Branding
B.	Market research
*C.	Product placement
*D.	Free advertising
E.	Negative news stories
F.	Sabotage

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Branding, free advertising, and product placement.

**Question 10a of 10** ( 2 Consumer influences 209188 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best states the purpose of the news media?

	Choice	Feedback
A.	To enable companies to transmit messages about their products to potential consumers.	
B.	To demonstrate which goods and services are safe and which are dangerous.	
C.	To allow the government to communicate with a large number of its citizens.	
*D.	To provide objective information that allows people to make good decisions.	Correct! The news media provides consumers and citizens with the information that is crucial for making decisions.

<b>Global Incorrect Feedback</b>
The correct answer is: To provide objective information that allows people to make good decisions. The news media provides consumers and citizens with the information that is crucial for making decisions.

**Question 10b of 10** ( 2 Consumer influences 209189 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best states the purpose of advertising?

	Choice	Feedback
A.	To generate positive news stories about a good or service.	
B.	To influence the outcome of surveys and focus groups.	
C.	To provide consumers with accurate product	



	information.	
*D.	To get consumers to demand more goods and services.	Correct! Companies use advertising to increase their sales.

**Global Incorrect Feedback**

The correct answer is: To get consumers to demand more goods and services. Companies use advertising to increase their sales.

**Question 10c of 10** ( 2 Consumer influences 209190 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best states the purpose of branding?

	Choice	Feedback
*A.	To associate a specific product with quality and popularity.	Correct! Companies that make their brands into household names can sell more products.
B.	To generate positive news stories about a good or service.	
C.	To push competitors into making slightly differentiated products.	
D.	To ensure that a producer will have sufficient resources for production.	

**Global Incorrect Feedback**

The correct answer is: To associate a specific product with quality and popularity. Companies that make their brands into household names can sell more products.

## Quiz: The Business of Business

**Question 1a of 10** ( 1 Profit 209925 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately explains how profit is calculated?

	Choice	Feedback
A.	Total retail sales are determined.	
*B.	Costs are subtracted from revenues.	Correct! Profit is revenue minus costs.
C.	Benefits and costs are balanced.	
D.	Gross domestic product is calculated.	

**Global Incorrect Feedback**

The correct answer is: Costs are subtracted from revenues. Profit is revenue minus costs.

**Question 1b of 10** ( 1 Profit 209926 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following explains how revenue is determined?

	Choice	Feedback
A.	The maximum level of benefits is figured.	
B.	Costs are subtracted from revenues.	
C.	Gross domestic product is calculated.	
*D.	The total amount of money brought in by sales.	Correct! Revenue is the amount of money a business brings in.

**Global Incorrect Feedback**

The correct answer is: The total amount of money brought in by sales. Revenue is the amount of money a business brings in.

**Question 1c of 10** ( 1 Profit 209927 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following directly generates revenue for a business?

	Choice	Feedback
*A.	Output	Correct! Output is whatever a business can sell to bring in money.
B.	Assets	
C.	Capital	
D.	Resources	

**Global Incorrect Feedback**

The correct answer is: Output. Output is whatever a business can sell to bring in money.

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**Question 2a of 10** ( 2 Profit 209928 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the main force behind the decisions made by producers in a free-market society?

	Choice	Feedback
A.	Maximizing benefits	
B.	Serving customers	
*C.	The profit motive	Correct! The quest for profit drives producers in a free-market system.
D.	Reducing opportunity costs	

**Global Incorrect Feedback**

The correct answer is: The profit motive. The quest for profit drives producers in a free-market system.

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**Question 2b of 10** ( 2 Profit 209929 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains what the profit motive pushes producers to do?

	Choice	Feedback
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*A.	Minimize costs and maximize revenue.	Correct! Profit is calculated by subtracting costs from revenue.
B.	Produce as much as possible.	
C.	Achieve the maximum revenue.	
D.	Balance monetary and non-monetary benefits.	

**Global Incorrect Feedback**

The correct answer is: Minimize costs and maximize revenue. Profit is calculated by subtracting costs from revenue.

**Question 2c of 10** ( 2 Profit 209930 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following identifies the reason why producers try to minimize costs and maximize revenue?

	Choice	Feedback
A.	Government regulations	
B.	Market research	
C.	Product placement	
*D.	The profit motive	Correct! The quest for profit drives producers in a free-market system.

**Global Incorrect Feedback**

The correct answer is: The profit motive. The quest for profit drives producers in a free-market system.

**Question 3a of 10** ( 1 PPF 209931 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following tools helps a producer set up an efficient system of production?

	Choice	Feedback
*A.	A production possibilities frontier graph.	Correct! A production possibilities frontier graph shows the maximum amounts of two or more goods a person or group of people can produce given the inputs available.

<b>B.</b>	A market research department.	
<b>C.</b>	An electric-powered assembly line.	
<b>D.</b>	A determination of opportunity costs.	

**Global Incorrect Feedback**

The correct answer is: A production possibilities frontier graph. A production possibilities frontier graph shows the maximum amounts of two or more goods a person or group of people can produce given the inputs available.

**Question 3b of 10** ( 1 PPF 209932 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best states the purpose of using a production possibilities frontier?

	Choice	Feedback
<b>A.</b>	Pursuing the profit motive	
<b>B.</b>	Maximizing revenue	
<b>C.</b>	Balancing economic goals	
<b>*D.</b>	Setting up efficient production	Correct! A production possibilities frontier graph shows the maximum amounts of two or more goods a person or group of people can produce given the inputs available.

**Global Incorrect Feedback**

The correct answer is: Setting up efficient production. A production possibilities frontier graph shows the maximum amounts of two or more goods a person or group of people can produce given the inputs available.

**Question 3c of 10** ( 1 PPF 209933 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following statements best explains how using a production possibilities frontier (PPF) helps set up efficient production?

	Choice	Feedback
--	--------	----------

A.	A PPF helps predict whether gross domestic product is rising or falling.	
*B.	A PPF shows the maximum amount of goods that can be produced with a given set of inputs.	Correct! The PPF helps reduce waste by maximizing output.
C.	A PPF allows a producer to calculate the cost of producing one more unit of goods.	
D.	A PPF allows a producer to balance supply and demand in order to find the best selling price.	

**Global Incorrect Feedback**

The correct answer is: A PPF shows the maximum amount of goods that can be produced with a given set of inputs. The PPF helps reduce waste by maximizing output.

**Question 4a of 10** ( 1 Market structures 209934 )

Maximum Attempts: 1

Question Type: Multiple Response

Maximum Score: 2

Question: Which of the following are possible market structures for an economic system?

*Check all that apply.*

Correct Answers:

	Choice
*A.	Oligopoly
*B.	Monopoly
C.	Entrepreneurship
D.	Socialism
*E.	Pure competition

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: oligopoly, monopoly, and pure competition.

### Question 4b of 10 ( 1 Market structures 209935 )

Maximum Attempts: 1

Question Type: Multiple Response

Maximum Score: 2

Question: Which of the following are market structures that can exist in a free-market system?

*Check all that apply.*

Correct Answers:

	Choice
A.	Communism
B.	Government planning
*C.	Monopolistic competition
*D.	Oligopoly
*E.	Pure competition

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: oligopoly, pure competition, and monopolistic competition.

### Question 4c of 10 ( 1 Market structures 209936 )

Maximum Attempts: 1

Question Type: Multiple Response

Maximum Score: 2

Question: Which of the following are market structures that are characterized by at least some competition between producers?

*Check all that apply.*

Correct Answers:

	Choice
A.	Monopoly
*B.	Pure competition

*C.	Monopolistic competition
D.	Socialist planning
*E.	Oligopoly

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: oligopoly, pure competition, and monopolistic competition.

### Question 5a of 10 ( 3 Market structures 209937 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation where competition between producers exists?

	Choice	Feedback
A.	A small number of producers command the entire market for a certain good or service.	
B.	One producer is the only one selling a good or service with no close substitutes.	
*C.	Two or more producers are trying to sell the same good or service to the same consumers.	Correct! When there are two or more businesses pursuing the same specific goal, there is competition.
D.	The monetary benefits for one producer lead to non-monetary costs for another producer.	

Global Incorrect Feedback
The correct answer is: Two or more producers are trying to sell the same good or service to the same consumers. When there are two or more businesses pursuing the same specific goal, there is competition.

### Question 5b of 10 ( 3 Market structures 209938 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2



**Question:** Which of the following describes a situation where monopolistic competition exists?

	Choice	Feedback
A.	When there is a small number of producers selling identical products.	
*B.	When many producers are selling slightly differentiated products.	Correct! Monopolistic competition means that each producer has a monopoly on their specific product, but the products are close substitutes of each other.
C.	When fewer than five producers command the entire market for a certain good or service.	
D.	When a single producer is the only one selling a good or service with no close substitutes.	

**Global Incorrect Feedback**

The correct answer is: When many producers are selling slightly differentiated products. Monopolistic competition means that each producer has a monopoly on their specific product, but the products are close substitutes of each other.

**Question 5c of 10** ( 3 Market structures 209939 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes a situation where an oligopoly exists?

	Choice	Feedback
*A.	A small number of producers command nearly the entire market for a certain good or service.	Correct! Oligopoly is characterized by a high level of market concentration in a few hands.
B.	Many producers are selling slightly differentiated products that are close substitutes of each other.	
C.	A large number of businesses are selling identical products to a well-informed customer base.	
D.	A single producer is the only one selling a good or service with no close substitutes.	

**Global Incorrect Feedback**

The correct answer is: A small number of producers command nearly the entire market for a certain good or service. Oligopoly is

characterized by a high level of market concentration in a few hands.

### Question 6a of 10 ( 3 Market structures 209940 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the type of market structure with each example.

Choice Text	Correct Match	Match Text
A. Pure competition	C.	Gas stations
B. Monopoly	B.	Cable company
C. Monopolistic competition	D.	Airlines
D. Oligopoly	A.	eBay

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: pure competition: eBay; monopoly: cable company; monopolistic competition: gas stations; and oligopoly: airlines.

### Question 6b of 10 ( 3 Market structures 209941 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the type of market structure with each example.

Choice Text	Correct Match	Match Text
A. Pure competition	A.	Online auctioning
B. Monopoly	C.	Video rental stores
C. Monopolistic competition	B.	Water and sewer service
D. Oligopoly	D.	Digital camera makers

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: pure competition: online auctioning; monopoly: water and sewer service; monopolistic competition: video rental stores; oligopoly: digital camera makers.

### Question 6c of 10 ( 3 Market structures 209942 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the type of market structure with each example.

Choice Text	Correct Match	Match Text
A. Pure competition	B.	Computer operating systems
B. Near monopoly	C.	Fast food restaurants
C. Monopolistic competition	A.	Online auctioning
D. Oligopoly	D.	Car makers

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: pure competition: online auctioning; near monopoly: computer operating systems; monopolistic competition: fast food restaurants; oligopoly: car makers.

### Question 7a of 10 ( 1 Entrepreneuers 209943 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following does *not* motivate entrepreneurs?

	Choice	Feedback
A.	Profit	
B.	Freedom	

C.	Innovation	
*D.	Security	Correct! Entrepreneurs are risk takers, not people who necessarily seek security.

**Global Incorrect Feedback**

The correct answer is: Security. Entrepreneurs are risk takers, not people who necessarily seek security.

**Question 7b of 10** ( 1 Entrepreneuers 209944 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Innovation is a characteristic most strongly associated with which of the following groups?

	Choice	Feedback
*A.	Entrepreneurs	Correct! Entrepreneurs are risk takers, not people who necessarily seek security.
B.	Monopolists	
C.	Economic experts	
D.	Government planners	

**Global Incorrect Feedback**

The correct answer is: Entrepreneurs. Entrepreneurs are risk takers, not people who necessarily seek security.

**Question 7c of 10** ( 1 Entrepreneuers 209945 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Entrepreneurs do *not* use which of the following to introduce innovations into a market?

	Choice	Feedback
A.	New products	
*B.	New economic systems	Correct! Entrepreneurs generally work within the free-market system.
C.	New means of production	
D.	New forms of organization	

**Global Incorrect Feedback**

The correct answer is: New economic systems. Entrepreneurs generally work within the free-market system.

**Question 8a of 10** ( 1 The media 209947 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following are sources of revenue for media companies?

	Choice	Feedback
<b>*A.</b>	Advertising and subscriptions	Correct! Media companies make 90 percent of their revenues from advertising and the rest from subscriptions.
<b>B.</b>	Direct sales to producers	
<b>C.</b>	Capital investments	
<b>D.</b>	Online purchases	

**Global Incorrect Feedback**

The correct answer is: Advertising and subscriptions. Media companies make 90 percent of their revenues from advertising and the rest from subscriptions.

**Question 8b of 10** ( 1 The media 209948 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is the main source of revenue for media corporations?

	Choice	Feedback
<b>A.</b>	Product placements	
<b>*B.</b>	Advertising	Correct! Media companies make 90 percent of their revenues from advertising.
<b>C.</b>	Rating systems	
<b>D.</b>	Subscriptions	

**Global Incorrect Feedback**

The correct answer is: Advertising. Media

companies make 90 percent of their revenues from advertising.

### Question 8c of 10 ( 1 The media 209949 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Advertising is the main source of revenue for which of the following industries?

	Choice	Feedback
A.	E-commerce	
B.	Retail sales	
*C.	Media	Correct! Media companies make 90 percent of their revenues from advertising.
D.	Airlines	

#### Global Incorrect Feedback

The correct answer is: Media. Media companies make 90 percent of their revenues from advertising.

### Question 9a of 10 ( 2 The media 209950 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why companies pay for advertising space?

	Choice	Feedback
A.	To make sure costs are balanced with revenues.	
B.	To generate better ratings for their programs.	
*C.	To expose an audience to messages about their products.	Correct! Advertising is all about buying the attention of an audience.
D.	To increase circulation for their magazine or newspaper.	

#### Global Incorrect Feedback

The correct answer is: To expose an audience to messages about their products. Advertising is all about buying the attention of an audience.

---

**Question 9b of 10** ( 2 The media 209951 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following statements best describes what purchasing advertising space does for advertisers?

	Choice	Feedback
A.	Advertising space generates higher circulation and better ratings.	
*B.	Advertising space exposes a company's products to an audience of potential customers.	Correct! Advertising is all about buying the attention of an audience.
C.	Advertising space fills magazines and newspapers to their full print capacity.	
D.	Advertising space allows a company to transmit product information to its investors.	

**Global Incorrect Feedback**

The correct answer is: Advertising space exposes a company's products to an audience of potential customers. Advertising is all about buying the attention of an audience.

---

**Question 9c of 10** ( 2 The media 209952 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following statements best explains the purpose of advertising?

	Choice	Feedback
*A.	Advertising is about buying the attention of an audience of potential consumers.	Correct! Advertising space exposes an audience to messages about a company's products.
B.	Advertising is about determining how much revenues will exceed costs.	
C.	Advertising is about making sure that consumers get accurate product information.	
D.	Advertising is about predicting what consumers will want and how much they will pay.	

**Global Incorrect Feedback**

The correct answer is: Advertising is about buying the attention of an audience of potential consumers. Advertising space exposes an audience to messages about a company's products.

---

### Question 10a of 10 ( 1 The media 209953 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The media industry is characterized by which of the following?

	Choice	Feedback
A.	Innovation and entrepreneurship	
B.	Pure competition	
*C.	Centralization of ownership	Correct! Nearly all of the media industry is controlled by a few large companies.
D.	A near-monopoly market structure	

#### Global Incorrect Feedback

The correct answer is: Centralization of ownership. Nearly all of the media industry is controlled by a few large companies.

---

### Question 10b of 10 ( 1 The media 209954 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Nearly all of the media industry is controlled by which of the following?

	Choice	Feedback
*A.	A few large companies	Correct! The media industry is characterized by a centralization of ownership.
B.	Small broadcasters	
C.	Government agencies	
D.	Innovative entrepreneurs	

#### Global Incorrect Feedback

The correct answer is: A few large companies. The media industry is characterized by a centralization of ownership.

---



### Question 10c of 10 ( 1 The media 209955 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The media industry is dominated by which of the following?

	Choice	Feedback
A.	Innovative entrepreneurs	
B.	Monopolistic markets	
C.	Internet news sources	
*D.	Media conglomerates	Correct! Nearly all of the media industry is controlled by a few large companies that own a variety of media sources.

#### Global Incorrect Feedback

The correct answer is: Media conglomerates. Nearly all of the media industry is controlled by a few large companies that own a variety of media sources.

---

## Quiz: The Business of Business

**Question 1a of 10** ( 1 Types of businesses 210056 )**Maximum Attempts:** 1**Question Type:** Text Fill In Blank**Maximum Score:** 2**Is Case Sensitive:** false**Correct Answer:** sole**Question:** A business that is owned and operated by a single individual is known as a \_\_\_\_\_ proprietorship.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! A sole proprietorship is a one-person business.

	Global Incorrect Feedback
	The correct answer is: sole. A sole proprietorship is a one-person business.

**Question 1b of 10** ( 1 Types of businesses 210057 )**Maximum Attempts:** 1**Question Type:** Text Fill In Blank**Maximum Score:** 2**Is Case Sensitive:** false**Correct Answer:** unlimited**Question:** The owner of a sole proprietorship has \_\_\_\_\_ liability.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Sole proprietors have complete financial responsibility for their businesses' debts.

	Global Incorrect Feedback
	The correct answer is: unlimited. Sole proprietors have complete financial responsibility for their businesses' debts.

---

**Question 1c of 10** ( 1 Types of businesses 210058 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** debts, debt

**Question:** Unlimited liability means that sole proprietors are completely responsible for all of the \_\_\_\_\_ of their business.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Sole proprietors have complete financial responsibility for their businesses' debts.

	Global Incorrect Feedback
	The correct answer is: debts. Sole proprietors have complete financial responsibility for their businesses' debts.

---

**Question 2a of 10** ( 2 Types of businesses 210059 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes an important difference between general partnerships and limited partnerships?

	Choice	Feedback
A.	A general partnership has stockholders while a limited partnership has a small group of investors.	
*B.	A general partnership has unlimited liability for all partners while a limited partnership has limited liability.	Correct! Limited partnerships protect each partner against full responsibility for the business's debts.
C.	There are a maximum of three partners in a limited partnership while a general partnership can have any number of partners.	
D.	Shares in a general partnership can be purchased anywhere while shares in a limited partnership can only be purchased through a stock exchange.	

**Global Incorrect Feedback**

The correct answer is: A general partnership has unlimited liability for all partners while a limited partnership has limited liability. Limited partnerships protect each partner against full responsibility for the business's debts.

**Question 2b of 10** ( 2 Types of businesses 210060 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following explains one way that a general partnership differs from a limited partnership?

	Choice	Feedback
A.	In a general partnership, each partner may own as much of the company's stock as they want.	
B.	A general partnership requires all partners to make the business decisions collectively.	
*C.	Each partner in a general partnership is fully responsible for all of the business's debts.	Correct! A general partnership has unlimited liability for each partner.
D.	In a general partnership, there is only one partner who is responsible for all of the business's debts.	

**Global Incorrect Feedback**

The correct answer is: Each partner in a general partnership is fully responsible for all of the business's debts. A general partnership has unlimited liability for each partner.

**Question 2c of 10** ( 2 Types of businesses 210061 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Because of the unlimited liability of all partners, a general partnership most closely resembles which other business type?

	Choice	Feedback
*A.	Sole proprietorship	Correct! In both a general partnership and a sole proprietorship, each owner is fully responsible for all business debts.
B.	Board of directors	

C.	Public corporation	
D.	Limited partnership	

**Global Incorrect Feedback**

The correct answer is: Sole proprietorship. In both a general partnership and a sole proprietorship, each owner is fully responsible for all business debts.

**Question 3a of 10** ( 3 Types of businesses 210062 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an advantage of partnerships over sole proprietorships?

	Choice	Feedback
A.	Partnerships establish a democratic system for making business decisions.	
B.	Partnerships involve less paperwork and fewer legal fees.	
*C.	Partnerships generally have more money to invest in starting or expanding a business.	Correct! Two or more people have greater financial resources than a single owner.
D.	Partnerships protect their investors against business debts incurred by the managers.	

**Global Incorrect Feedback**

The correct answer is: Partnerships generally have more money to invest in starting or expanding a business. Two or more people have greater financial resources than a single owner.

**Question 3b of 10** ( 3 Types of businesses 210063 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is a disadvantage of partnerships compared to sole proprietorships?

	Choice	Feedback
*A.	It is sometimes difficult for partners to agree on every business decision.	Correct! Partners have to work together and come to agreement on the operation of the business.

B.	Partners have to pay partnership taxes, corporate taxes, and personal income taxes.	
C.	Sole proprietors have an easier time raising money to start or expand a business.	
D.	Partnerships usually end up with much larger business debts.	

**Global Incorrect Feedback**

The correct answer is: It is sometimes difficult for partners to agree on every business decision. Partners have to work together and come to agreement on the operation of the business.

**Question 3c of 10** ( 3 Types of businesses 210064 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* an advantage of a limited partnership?

	Choice	Feedback
A.	Partnerships can raise a lot of money to invest in starting or expanding a business.	
B.	Each partner is only responsible for a portion of the business's debts.	
C.	New partners can be brought in to invest money instead of taking bank loans.	
*D.	All partners have to agree with each other when making business decisions.	Correct! Partners have to work together and come to agreement on the operation of the business, and that can often be difficult.

**Global Incorrect Feedback**

The correct answer is: All partners have to agree with each other when making business decisions. Partners have to work together and come to agreement on the operation of the business, and that can often be difficult.

**Question 4a of 10** ( 1 Types of businesses 210065 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The business decisions of a corporation are made by whom?

	Choice	Feedback
*A.	A board of directors	Correct! The stockholders elect a board of directors to manage the daily business of the corporation.
B.	The partners	
C.	A sole proprietor	
D.	The stockholders	

**Global Incorrect Feedback**

The correct answer is: A board of directors. The stockholders elect a board of directors to manage the daily business of the corporation.

**Question 4b of 10** ( 1 Types of businesses 210066 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A corporation is owned by whom?

	Choice	Feedback
A.	Partners	
*B.	Stockholders	Correct! Stockholders own shares of the corporation much the way partners own a portion of a partnership.
C.	Employees	
D.	Board of directors	

**Global Incorrect Feedback**

The correct answer is: Stockholders. Stockholders own shares of the corporation much the way partners own a portion of a partnership.

**Question 4c of 10** ( 1 Types of businesses 210067 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A corporation gives out its profits as dividends paid to whom?

	Choice	Feedback
A.	Partners	

B.	Board of directors	
C.	Employees	
*D.	Stockholders	Correct! Stockholders own shares of the corporation and earn a part of the profits for each share they have.

<b>Global Incorrect Feedback</b>
----------------------------------

The correct answer is: Stockholders.
--------------------------------------

### Question 5a of 10 ( 1 Business structures 210068 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of business with its owners.

Choice Text	Correct Match	Match Text
A. Public corporation	B.	Two or more persons
B. Limited partnership	A.	Stockholders
C. Sole proprietorship	C.	Individual operator

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Public corporation : Stockholders; Limited partnership : Two or more persons; Sole proprietorship : Individual operator.

### Question 5b of 10 ( 1 Business structures 210069 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of business with the person or persons who get to keep the business's profits.

Choice Text	Correct Match	Match Text
A. Corporation	C.	Individual owner



B. Partnership	A.	Stockholders
C. Sole proprietorship	B.	Various investors

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Corporation : Stockholders; Partnership : Various investors; Sole proprietorship : Individual owner.

### Question 5c of 10 ( 1 Business structures 210070 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of business with its purpose.

Choice Text	Correct Match	Match Text
A. Sole proprietorship	C.	To benefit a special cause
B. Public corporation	B.	To make dividends for its stockholders
C. Non-profit corporation	A.	To make profit for its owner

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Sole proprietorship : To make profit for its owner; Public corporation : To make dividends for its stockholders; Non-profit corporation : To benefit a special cause.

### Question 6a of 10 ( 1 Business plans 210071 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The business model that a company follows is generally spelled out in which of the following?

	Choice	Feedback
A.	Held files	
*B.	Business plan	Correct! A business plan is a document that describes the way a company intends to operate.
C.	Corporate charter	
D.	Partnership contract	

**Global Incorrect Feedback**

The correct answer is: Business plan. A business plan is a document that describes the way a company intends to operate.

**Question 6b of 10** ( 1 Business plans 210072 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Before starting a business, many people find it useful to describe the way the company will operate in which of the following?

	Choice	Feedback
A.	Partnership contracts	
B.	Shares of stock	
C.	Its advertisements	
*D.	A business plan	Correct! A business plan is a document that describes the way a company intends to operate.

**Global Incorrect Feedback**

The correct answer is: A business plan. A business plan is a document that describes the way a company intends to operate.

**Question 6c of 10** ( 1 Business plans 210073 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The way a company does business is driven by which of the following?

	Choice	Feedback
*A.	Its business model	Correct! The business model describes how a company intends to operate its

		business.
<b>B.</b>	Its type of liability	
<b>C.</b>	The type of partnership	
<b>D.</b>	The number of its shares	

**Global Incorrect Feedback**

The correct answer is: Its business model. The business model describes how a company intends to operate its business.

**Question 7a of 10** ( 3 Business plans 210074 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each business model with the type of business that commonly uses it.

Choice Text	Correct Match	Match Text
<b>A.</b> Shopkeeper	<b>C.</b>	Retail stores
<b>B.</b> Subscription	<b>B.</b>	Magazines
<b>C.</b> Bricks and clicks	<b>A.</b>	Grocery stores

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Shopkeeper : Grocery stores; Subscription : Magazines; Bricks and clicks : Retail stores.

**Question 7b of 10** ( 3 Business plans 210075 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each business model with the advantage it brings.

Choice Text	Correct Match	Match Text
<b>A.</b> Subscription	<b>B.</b>	Attractive prices for basic product

<b>B.</b> Bait and hook	<b>A.</b>	Steady revenue and predictable profits
<b>C.</b> Cutting out the middleman	<b>C.</b>	Reduction in transaction costs and processing time

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Subscription : Steady revenue and predictable profit; Bait and hook : Attractive prices for basic product; Cutting out the middleman : Reduction in transaction costs and processing time.

### Question 7c of 10 ( 3 Business plans 210076 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each business model with a real-world example that follows it.

Choice Text	Correct Match	Match Text
<b>A.</b> Subscription	<b>C.</b>	Gateway Computers
<b>B.</b> Bricks and clicks	<b>A.</b>	<i>New York Times</i>
<b>C.</b> Cutting out the middleman	<b>B.</b>	IKEA

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Subscription : New York Times; Bricks and clicks : IKEA; Cutting out the middleman : Gateway Computers.

### Question 8a of 10 ( 3 Business plans 210077 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The Google business model is driven by the sale of which of the

following?

	Choice	Feedback
*A.	Advertisements	Correct! Google sells ads that are targeted by keywords.
B.	Books and records	
C.	All available products	
D.	Electronics and computers	

**Global Incorrect Feedback**

The correct answer is: Advertisements. Google sells ads that are targeted by keywords.

---

**Question 8b of 10** ( 3 Business plans 210078 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The Google business model is most similar to the model followed by which other industry?

	Choice	Feedback
A.	Retail	
B.	Shipping	
*C.	Media	Correct! Both Google and media companies rely on the sale of advertisements.
D.	E-commerce	

**Global Incorrect Feedback**

The correct answer is: Media. Both Google and media companies rely on the sale of advertisements.

---

**Question 8c of 10** ( 3 Business plans 210079 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Google's business model relies on which of the following to generate revenue?

	Choice	Feedback
A.	Instant electronic investment	

<b>B.</b>	Online subscriptions	
<b>C.</b>	Click-to-buy purchases	
<b>*D.</b>	The sale of advertisements	Correct! Google sells ads that are targeted by keywords.

**Global Incorrect Feedback**

The correct answer is: The sale of advertisements. Google sells ads that are targeted by keywords.

**Question 9a of 10** ( 1 Google 210080 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following distinguishes Google's business model from most other businesses?

	Choice	Feedback
<b>A.</b>	Its success with e-commerce.	
<b>*B.</b>	Its relaxed corporate culture.	Correct! Google is well known for having a non-traditional way of operating.
<b>C.</b>	Its abandonment of the profit motive.	
<b>D.</b>	Its reluctance to use cost-benefit analysis.	

**Global Incorrect Feedback**

The correct answer is: Its relaxed corporate culture. Google is well known for having a non-traditional way of operating.

**Question 9b of 10** ( 1 Google 210081 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best characterizes the corporate culture at Google?

	Choice	Feedback
<b>A.</b>	Unapologetically ruthless	
<b>B.</b>	Strictly hierarchical	
<b>*C.</b>	Relaxed and non-traditional	Correct! Google is well known for having a non-traditional and relaxed way of doing business.

D.	High-stress and authoritarian	
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**Global Incorrect Feedback**

The correct answer is: Relaxed and non-traditional. Google is well known for having a non-traditional and relaxed way of doing business.

**Question 9c of 10** ( 1 Google 210082 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Google's relaxed and non-traditional corporate culture is one aspect of which of the following?

	Choice	Feedback
*A.	Its business model	Correct! Its corporate culture is an important part of how a company operates.
B.	Its profit motive	
C.	Its revenue source	
D.	Marginal analysis	

**Global Incorrect Feedback**

The correct answer is: Its business model. Its corporate culture is an important part of how a company operates.

**Question 10a of 10** ( 3 Google 210083 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The addition of the word "google" to dictionaries demonstrates that Google has been successful at which of the following business strategies?

	Choice	Feedback
A.	E-commerce	
B.	Advertising	
*C.	Branding	Correct! Google is a household word often used to mean "search the Internet."
D.	Production	

**Global Incorrect Feedback**

The correct answer is: Branding. Google is a household word often used to mean "search the Internet."

**Question 10b of 10** ( 3 Google 210084 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following demonstrates a successful effort at branding?

	Choice	Feedback
*A.	The word "google" has been added to the dictionary.	Correct! Google is a corporate name that has become a common term for "search the Internet."
B.	Online buying is the fastest-growing form of retail sales.	
C.	MySpace is a popular company for both advertising and partnerships.	
D.	Computers were once considered a luxury and are now necessities to many people.	

**Global Incorrect Feedback**

The correct answer is: The word "google" has been added to the dictionary. Google is a corporate name that has become a common term for "search the Internet."

**Question 10c of 10** ( 3 Google 210085 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following statements indicates why Google has been successful at branding?

	Choice	Feedback
A.	Google's business model, "Don't Be Evil," has become a famous corporate motto.	
B.	Google is a popular partner for online partnerships.	
C.	Google is well-known for its relaxed and non-traditional corporate culture.	
*D.	Google is a corporate name that has become a	Correct! Google is a household word.



	common term for "search the Internet."	
--	--	--

**Global Incorrect Feedback**

The correct answer is: Google is a corporate name that has become a common term for "search the Internet." Google is a household word.

---

ANSWER

CLOSE

## Quiz: The Business of Business

### Question 1a of 10 ( 1 Types of businesses 210056 )

1 attempt (2 points possible)

**Fill in the blank:** Type your answer in the box and then click "submit."

A business that is owned and operated by a single individual is known as a \_\_\_\_\_ proprietorship.

Answer:

---

### Question 1b of 10 ( 1 Types of businesses 210057 )

1 attempt (2 points possible)

**Fill in the blank:** Type your answer in the box and then click "submit."

The owner of a sole proprietorship has \_\_\_\_\_ liability.

Answer:

---

### Question 1c of 10 ( 1 Types of businesses 210058 )

1 attempt (2 points possible)

**Fill in the blank:** Type your answer in the box and then click "submit."

Unlimited liability means that sole proprietors are completely responsible for all of the \_\_\_\_\_ of their business.

Answer:

---

### Question 2a of 10 ( 2 Types of businesses 210059 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following describes an important difference between general partnerships and limited partnerships?

- A. A general partnership has stockholders while a limited partnership has a small group of investors.
- B. A general partnership has unlimited liability for all partners while a limited partnership has limited liability.
- C. There are a maximum of three partners in a limited partnership while a general partnership can have any number of partners.
- D. Shares in a general partnership can be purchased anywhere while shares in a

limited partnership can only be purchased through a stock exchange.

---

### Question 2b of 10 ( 2 Types of businesses 210060 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following explains one way that a general partnership differs from a limited partnership?

- **A.** In a general partnership, each partner may own as much of the company's stock as they want.
  - **B.** A general partnership requires all partners to make the business decisions collectively.
  - **C.** Each partner in a general partnership is fully responsible for all of the business's debts.
  - **D.** In a general partnership, there is only one partner who is responsible for all of the business's debts.
- 

### Question 2c of 10 ( 2 Types of businesses 210061 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Because of the unlimited liability of all partners, a general partnership most closely resembles which other business type?

- **A.** Sole proprietorship
  - **B.** Board of directors
  - **C.** Public corporation
  - **D.** Limited partnership
- 

### Question 3a of 10 ( 3 Types of businesses 210062 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following is an advantage of partnerships over sole proprietorships?

- **A.** Partnerships establish a democratic system for making business decisions.
  - **B.** Partnerships involve less paperwork and fewer legal fees.
  - **C.** Partnerships generally have more money to invest in starting or expanding a business.
  - **D.** Partnerships protect their investors against business debts incurred by the managers.
- 

### Question 3b of 10 ( 3 Types of businesses 210063 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following is a disadvantage of partnerships compared to sole proprietorships?

- A. It is sometimes difficult for partners to agree on every business decision.
  - B. Partners have to pay partnership taxes, corporate taxes, and personal income taxes.
  - C. Sole proprietors have an easier time raising money to start or expand a business.
  - D. Partnerships usually end up with much larger business debts.
- 

### Question 3c of 10 ( 3 Types of businesses 210064 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following is *not* an advantage of a limited partnership?

- A. Partnerships can raise a lot of money to invest in starting or expanding a business.
  - B. Each partner is only responsible for a portion of the business's debts.
  - C. New partners can be brought in to invest money instead of taking bank loans.
  - D. All partners have to agree with each other when making business decisions.
- 

### Question 4a of 10 ( 1 Types of businesses 210065 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

The business decisions of a corporation are made by whom?

- A. A board of directors
  - B. The partners
  - C. A sole proprietor
  - D. The stockholders
- 

### Question 4b of 10 ( 1 Types of businesses 210066 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

A corporation is owned by whom?

- A. Partners
  - B. Stockholders
  - C. Employees
  - D. Board of directors
-

### Question 4c of 10 ( 1 Types of businesses 210067 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

A corporation gives out its profits as dividends paid to whom?

- A. Partners
  - B. Board of directors
  - C. Employees
  - D. Stockholders
- 

### Question 5a of 10 ( 1 Business structures 210068 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each type of business with its owners.

- |                        |                          |                     |
|------------------------|--------------------------|---------------------|
| A. Public corporation  | <input type="checkbox"/> | Two or more persons |
| B. Limited partnership | <input type="checkbox"/> | Stockholders        |
| C. Sole proprietorship | <input type="checkbox"/> | Individual operator |
- 

### Question 5b of 10 ( 1 Business structures 210069 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each type of business with the person or persons who get to keep the business's profits.

- |                        |                          |                   |
|------------------------|--------------------------|-------------------|
| A. Corporation         | <input type="checkbox"/> | Individual owner  |
| B. Partnership         | <input type="checkbox"/> | Stockholders      |
| C. Sole proprietorship | <input type="checkbox"/> | Various investors |
- 

### Question 5c of 10 ( 1 Business structures 210070 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and

then click "submit."

Match each type of business with its purpose.

- |                           |                          |  |
|---------------------------|--------------------------|--|
| A. Sole proprietorship    | <input type="checkbox"/> | To benefit a special cause             |
| B. Public corporation     | <input type="checkbox"/> | To make dividends for its stockholders |
| C. Non-profit corporation | <input type="checkbox"/> | To make profit for its owner           |
- 

---

### Question 6a of 10 ( 1 Business plans 210071 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

The business model that a company follows is generally spelled out in which of the following?

- A. Held files
  - B. Business plan
  - C. Corporate charter
  - D. Partnership contract
- 

### Question 6b of 10 ( 1 Business plans 210072 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Before starting a business, many people find it useful to describe the way the company will operate in which of the following?

- A. Partnership contracts
  - B. Shares of stock
  - C. Its advertisements
  - D. A business plan
- 

### Question 6c of 10 ( 1 Business plans 210073 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

The way a company does business is driven by which of the following?

- A. Its business model
- B. Its type of liability
- C. The type of partnership
- D. The number of its shares

---

### Question 7a of 10 ( 3 Business plans 210074 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each business model with the type of business that commonly uses it.

- |                      |                          |                |
|----------------------|--------------------------|----------------|
| A. Shopkeeper        | <input type="checkbox"/> | Retail stores  |
| B. Subscription      | <input type="checkbox"/> | Magazines      |
| C. Bricks and clicks | <input type="checkbox"/> | Grocery stores |
- 

---

### Question 7b of 10 ( 3 Business plans 210075 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each business model with the advantage it brings.

- |                              |                          |  |
|------------------------------|--------------------------|--|
| A. Subscription              | <input type="checkbox"/> | Attractive prices for basic product                |
| B. Bait and hook             | <input type="checkbox"/> | Steady revenue and predictable profits             |
| C. Cutting out the middleman | <input type="checkbox"/> | Reduction in transaction costs and processing time |
- 

---

### Question 7c of 10 ( 3 Business plans 210076 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each business model with a real-world example that follows it.

- |                              |                          |                       |
|------------------------------|--------------------------|-----------------------|
| A. Subscription              | <input type="checkbox"/> | Gateway Computers     |
| B. Bricks and clicks         | <input type="checkbox"/> | <i>New York Times</i> |
| C. Cutting out the middleman | <input type="checkbox"/> | IKEA                  |
-

---

### Question 8a of 10 ( 3 Business plans 210077 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

The Google business model is driven by the sale of which of the following?

- A. Advertisements
- B. Books and records
- C. All available products
- D. Electronics and computers

---

### Question 8b of 10 ( 3 Business plans 210078 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

The Google business model is most similar to the model followed by which other industry?

- A. Retail
- B. Shipping
- C. Media
- D. E-commerce

---

### Question 8c of 10 ( 3 Business plans 210079 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Google's business model relies on which of the following to generate revenue?

- A. Instant electronic investment
- B. Online subscriptions
- C. Click-to-buy purchases
- D. The sale of advertisements

---

### Question 9a of 10 ( 1 Google 210080 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following distinguishes Google's business model from most other businesses?

- A. Its success with e-commerce.
- B. Its relaxed corporate culture.
- C. Its abandonment of the profit motive.



- D. Its reluctance to use cost-benefit analysis.
- 

### Question 9b of 10 ( 1 Google 210081 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following best characterizes the corporate culture at Google?

- A. Unapologetically ruthless
  - B. Strictly hierarchical
  - C. Relaxed and non-traditional
  - D. High-stress and authoritarian
- 

### Question 9c of 10 ( 1 Google 210082 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Google's relaxed and non-traditional corporate culture is one aspect of which of the following?

- A. Its business model
  - B. Its profit motive
  - C. Its revenue source
  - D. Marginal analysis
- 

### Question 10a of 10 ( 3 Google 210083 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

The addition of the word "google" to dictionaries demonstrates that Google has been successful at which of the following business strategies?

- A. E-commerce
  - B. Advertising
  - C. Branding
  - D. Production
- 

### Question 10b of 10 ( 3 Google 210084 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following demonstrates a successful effort at branding?

- A. The word "google" has been added to the dictionary.
- B. Online buying is the fastest-growing form of retail sales.

- C. MySpace is a popular company for both advertising and partnerships.
  - D. Computers were once considered a luxury and are now necessities to many people.
- 

**Question 10c of 10** ( 3 Google 210085 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following statements indicates why Google has been successful at branding?

- A. Google's business model, "Don't Be Evil," has become a famous corporate motto.
  - B. Google is a popular partner for online partnerships.
  - C. Google is well-known for its relaxed and non-traditional corporate culture.
  - D. Google is a corporate name that has become a common term for "search the Internet."
-

PREVIEW

CLOSE

Quiz: Supply and Demand: It's the Law

**Question 1a of 10** ( 1 Supply and demand 220857 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the purpose of a supply schedule?

	Choice	Feedback
A.	To calculate how much time it takes for distribution.	
B.	To demonstrate how the supply decreases as price increases.	
*C.	To show the relationship between quantity supplied and prices.	Correct! A supply schedule shows how much of something producers are willing to supply at a given price.
D.	To indicate how supply and demand relate to price.	

**Global Incorrect Feedback**

The correct answer is: To show the relationship between quantity supplied and prices. A supply schedule shows how much of something producers are willing to supply at a given price.

**Question 1b of 10** ( 1 Supply and demand 220858 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the purpose of a supply curve?

	Choice	Feedback
A.	To indicate how much profit producers make from each level of supply.	
*B.	To graph the relationship between quantity supplied and price charged.	Correct! A supply curve graphically demonstrates the different levels that producers are willing to supply at various prices.
C.	To show when the amount supplied intersects with the amount demanded.	
D.	To track the progress of production from raw materials to finished product.	

**Global Incorrect Feedback**

The correct answer is: To graph the relationship between quantity supplied and price charged. A supply curve graphically demonstrates the different levels that producers are willing to supply at various prices.

**Question 1c of 10** ( 1 Supply and demand 220859 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the purpose of a demand schedule?

	Choice	Feedback
*A.	To show the level of demand at various prices.	Correct! A demand schedule shows how much of something consumers will want at various prices.
B.	To demonstrate how supply affects demand.	
C.	To indicate how supply and demand relate to price.	
D.	To calculate how much of a good consumers will use.	

**Global Incorrect Feedback**

The correct answer is: To show the level of demand at various prices. A demand schedule shows how much of something consumers will want at various prices.

**Question 2a of 10** ( 2 Supply and demand 220860 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following most accurately describes how the equilibrium price of a good or service can be determined?

	Choice	Feedback
A.	By taking the opposite of the columns in a supply schedule and a demand schedule.	
*B.	By finding where the supply curve and the demand curve intersect.	Correct! The equilibrium price is the price at which quantity supplied equals quantity demanded.
C.	By moving the supply curve right or left until it matches the demand curve.	

D.	By doing market research to determine the maximum price consumers will pay.	
----	---	--

**Global Incorrect Feedback**

The correct answer is: By finding where the supply curve and the demand curve intersect. The equilibrium price is the price at which quantity supplied equals quantity demanded.

**Question 2b of 10** ( 2 Supply and demand 220861 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The equilibrium price is located at which of the following points?

	Choice	Feedback
*A.	Where the supply and demand curves intersect.	The equilibrium price is the price at which quantity supplied equals quantity demanded.
B.	Where the supply curve is at its lowest.	
C.	Where the demand curve reaches its peak.	
D.	Where the production possibilities frontier is furthest to the right.	

**Global Incorrect Feedback**

The correct answer is: Where the supply and demand curves intersect. The equilibrium price is the price at which quantity supplied equals quantity demanded.

**Question 2c of 10** ( 2 Supply and demand 220862 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following explains the factors responsible for setting prices in a free-market system?

	Choice	Feedback
A.	The balance of costs and benefits.	
B.	Revenue minus costs.	
C.	The amount of scarcity.	
*D.	Supply relative to demand.	Correct! Price is determined by how much of a good or service is produced relative

to how badly consumers want it.

**Global Incorrect Feedback**

The correct answer is: Supply relative to demand. Price is determined by how much of a good or service is produced relative to how badly consumers want it.

**Question 3a of 10** ( 3 Supply and demand 220864 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation in which a shortage occurs?

	Choice	Feedback
*A.	Consumers want more video-game systems than the company can make.	Correct! A shortage occurs when demand exceeds supply.
B.	There is inefficiency in the productive process used to make cell phones.	
C.	A computer company tries to charge too high a price for a new laptop computer.	
D.	A clothing store puts sweaters on sale to get rid of them before the end of winter.	

**Global Incorrect Feedback**

The correct answer is: Consumers want more video game systems than the company can make. A shortage occurs when demand exceeds supply.

**Question 3b of 10** ( 3 Supply and demand 220865 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation in which a surplus occurs?

	Choice	Feedback
A.	A car company tries to charge too high a price for a new model of minivan.	
B.	A cell phone company cuts its rates to attract new customers.	
*C.	A publisher has printed more copies of a book than people want to read.	Correct! A surplus occurs when supply exceeds demand.

D.	A clothing store puts bathing suits on sale to get rid of them before the end of summer.	
----	--	--

**Global Incorrect Feedback**

The correct answer is: A publisher has printed more copies of a book than people want to read. A surplus occurs when supply exceeds demand.

**Question 3c of 10** ( 3 Supply and demand 220866 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes a situation of scarcity?

	Choice	Feedback
A.	A person lets the kids in the neighborhood use his pool.	
B.	Someone distributes free bottles of water at the beach.	
C.	Someone offers free advice about getting into college.	
*D.	A child charges friends for a ride on his new bike.	Correct! Anything with a price is assumed to be scarce.

**Global Incorrect Feedback**

The correct answer is: A child charges friends for a ride on his new bike. Anything with a price is assumed to be scarce.

**Question 4a of 10** ( 3 Supply and demand 220867 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes a situation in which the price of a good would rise?

	Choice	Feedback
A.	A new technology allows producers to increase supply very quickly.	
*B.	Scarce natural resources make it more difficult for producers to keep up with demand.	Correct! When supply decreases relative to demand, prices rise.
C.	Production is increased in order to catch up with a sudden rise in demand.	

D.	Consumers start using less of a good because more substitutes are available.	
----	--	--

**Global Incorrect Feedback**

The correct answer is: Scarce natural resources make it more difficult for producers to keep up with demand. When supply decreases relative to demand, prices rise.

**Question 4b of 10** ( 3 Supply and demand 220868 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation in which the price of a good would rise?

	Choice	Feedback
A.	Consumers start using less of a good because more substitutes are available.	
B.	A new technology allows producers to increase supply very quickly.	
C.	Production is increased in order to catch up with a sudden rise in demand.	
*D.	Producers cannot make enough of a good when that good becomes popular suddenly.	Correct! When demand increases relative to supply, prices rise.

**Global Incorrect Feedback**

The correct answer is: Producers cannot make enough of a good when that good becomes popular suddenly. When demand increases relative to supply, prices rise.

**Question 4c of 10** ( 3 Supply and demand 220869 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation in which the price of a good would fall?

	Choice	Feedback
*A.	A new technology allows producers to increase supply very quickly.	Correct! When supply increases relative to demand, prices fall.
B.	Consumers start using more of a good because there are fewer substitutes.	



C.	Scarce natural resources make it more difficult for producers to keep up with demand.	
D.	Producers cannot make enough of a good when that good becomes popular suddenly.	

**Global Incorrect Feedback**

The correct answer is: A new technology allows producers to increase supply very quickly. When supply increases relative to demand, prices fall.

**Question 5a of 10** ( 2 Factors of production 220870 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following are necessary for production to take place?

	Choice	Feedback
A.	Advertising to create demand.	
*B.	The input of land, labor, and capital.	Correct! Land, labor, and capital are the factors of production necessary for anything to be made.
C.	Market research to determine the level of demand.	
D.	The creation of shipping networks to distribute goods.	

**Global Incorrect Feedback**

The correct answer is: The input of land, labor, and capital. Land, labor, and capital are the factors of production necessary for anything to be made.

**Question 5b of 10** ( 2 Factors of production 220871 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a characteristic of the factors of production?

	Choice	Feedback
*A.	Scarcity	Correct! Land, labor, and capital are scarce, which is why allocation decisions need to be made.
B.	Elasticity	

C.	Non-excludability	
D.	Shortage	

**Global Incorrect Feedback**

The correct answer is: scarcity. Land, labor, and capital are scarce, which is why allocation decisions need to be made.

**Question 5c of 10** ( 2 Factors of production 220872 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes what production accomplishes?

	Choice	Feedback
A.	An increase in supply that lowers prices.	
B.	A reduction in the size of the labor force.	
*C.	Value added to resources that already exist.	Producers take resources and change them so that they have more value.
D.	Efficient use of natural resources.	

**Global Incorrect Feedback**

The correct answer is: Value added to resources that already exist. Producers take resources and change them so that they have more value.

**Question 6a of 10** ( 2 Utility 220873 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Opportunity cost is calculated by which of the following?

	Choice	Feedback
*A.	Finding the value of the best option that is not chosen.	Correct! Opportunity cost is what you give up by not taking the choice that is second best.
B.	Calculating the cost of time, energy, and sacrifice.	
C.	Subtracting all costs from the total benefit.	
D.	Adding the value of all lost opportunities.	

**Global Incorrect Feedback**

The correct answer is: Finding the value of the best option that is not chosen. Opportunity cost is what you give up by not taking the choice that is second best.

### Question 6b of 10 ( 2 Utility 220874 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The optimal use of a resource takes place when which of the following happens?

	Choice	Feedback
A.	There is a decrease in the marginal utility of a decision.	
B.	The supply and demand curves never intersect.	
C.	The opportunity cost is greater than the actual cost.	
*D.	The benefit is greater than the opportunity cost.	Correct! When a resource is being put to its optimal use, there is no way to get a greater benefit out it.

#### Global Incorrect Feedback

The correct answer is: The benefit is greater than the opportunity cost. When a resource is being put to its optimal use, there is no way to get a greater benefit out it.

### Question 6c of 10 ( 2 Utility 220875 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When the benefit of one particular use of a resource is greater than the opportunity cost, then that resource is which of the following?

	Choice	Feedback
A.	Not scarce	
*B.	Being used efficiently	Correct! When a resource is being put to its optimal use, there is no way to get a greater benefit out it.
C.	A normal good	
D.	Non-excludable	

**Global Incorrect Feedback**

The correct answer is: Being used efficiently.  
When a resource is being put to its optimal use, there is no way to get a greater benefit out it.

**Question 7a of 10** ( 3 Utility 220876 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation in which there would be decreasing marginal utility?

	Choice	Feedback
A.	Buying normal goods as substitutes for inferior goods.	
B.	Buying luxury items that you cannot afford.	
C.	Buying food in bulk to save money in the long run.	
*D.	Buying a new car when you already have two cars.	Correct! The utility of a car decreases with the addition of each new one.

**Global Incorrect Feedback**

The correct answer is: Buying a new car when you already have two cars. The utility of a car decreases with the addition of each new one.

**Question 7b of 10** ( 3 Utility 220877 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation in which there would be decreasing marginal utility?

	Choice	Feedback
A.	Reducing consumption to save natural resources.	
B.	Wearing used clothes instead of buying new clothes.	
*C.	Ordering a second dessert when you're already full.	Correct! Eating more food decreases in utility as you get more full.
D.	Buying a car to substitute for riding the bus.	

**Global Incorrect Feedback**

The correct answer is: Ordering a second dessert when you're already full. Eating more food decreases in utility as you get more full.

### Question 7c of 10 ( 3 Utility 220878 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes a situation in which there would be decreasing marginal utility?

	Choice	Feedback
*A.	Buying a second winter coat.	Correct! The utility of a new winter coat is decreased if you already have one.
B.	Buying only necessities.	
C.	Buying a car to substitute for riding the bus.	
D.	Buying food in bulk to save money in the long run.	

#### Global Incorrect Feedback

The correct answer is: Buying a second winter coat. The utility of a new winter coat is decreased if you already have one.

### Question 8a of 10 ( 1 Types of goods 220892 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: normal

Question: When people buy more of a certain good as they get more money, this good is considered \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Normal goods are those that people demand more of as their income increases.

	Global Incorrect Feedback
	The correct answer is: normal. Normal goods are those that people demand more of as their

	income increases.
--	-------------------

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### Question 8b of 10 ( 1 Types of goods 220893 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** inferior

**Question:** When people buy less of a certain good as their income increases, this good is considered \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Inferior goods have substitutes that people turn to as they get more money.

	Global Incorrect Feedback
	The correct answer is: inferior. Inferior goods have substitutes that people turn to as they get more money.

---

### Question 8c of 10 ( 1 Types of goods 220894 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** inferior

**Question:** When consumers get more money, they tend to substitute normal goods for \_\_\_\_\_ goods.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Inferior goods have substitutes that people turn to as they get more money.

	Global Incorrect Feedback
	The correct answer is: inferior. Inferior goods have substitutes that people turn to as they get more money.

---

**Question 9a of 10** ( 3 Types of goods 220882 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following is the best example of substitution?

	Choice	Feedback
A.	People walk out before the end of a movie because the acting and the plot are terrible.	
B.	Movie producers begin making more comedies because they cost less to make than action films.	
C.	More people begin going to matinee movies instead of night movies to save money on the tickets.	
*D.	People at the movie theater switch from popcorn to candy because popcorn has gotten too expensive.	Correct! Substitution occurs when people switch from one good to another, usually because the price has changed.

**Global Incorrect Feedback**

The correct answer is: People at the movie theater switch from popcorn to candy because popcorn has gotten too expensive. Substitution occurs when people switch from one good to another, usually because the price has changed.

---

**Question 9b of 10** ( 3 Types of goods 220883 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following is the best example of a fungible good?

	Choice	Feedback
*A.	Potatoes	Correct! Goods are fungible whenever one unit is as good as any other.
B.	Shoes	
C.	Books	
D.	Movies	

**Global Incorrect Feedback**

The correct answer is: potatoes. Goods are fungible whenever one unit is as good as any other.

---

**Question 9c of 10** ( 3 Types of goods 220884 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is the best example of elastic demand?

	Choice	Feedback
A.	People buy gas for their cars no matter what it costs.	
*B.	People take fewer vacations as air fare gets higher.	Correct! Demand is elastic when demand falls with price.
C.	Producers purchase natural resources to make goods.	
D.	Producers ignore budget constraints to make higher profit.	

**Global Incorrect Feedback**

The correct answer is: People take fewer vacations as air fare gets higher. Demand is elastic when demand falls with price.

---

**Question 10a of 10** ( 2 Types of goods 220886 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a trait shared by all individual goods?

	Choice	Feedback
*A.	Excludability	Correct! Individual goods are those that an individual can enjoy to the exclusion of everyone else.
B.	Elasticity	
C.	Fungibility	
D.	Inferiority	

**Global Incorrect Feedback**

The correct answer is: excludability. Individual goods are those that an individual can enjoy to the exclusion of everyone else.

---

**Question 10b of 10** ( 2 Types of goods 220887 )



Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a trait shared by all public goods?

	Choice	Feedback
A.	Rivalry among consumers.	
B.	An elastic demand.	
*C.	A free-rider problem.	Correct! Public goods are non-excludable, so there is always the possibility of free riders.
D.	The ability to exclude people.	

**Global Incorrect Feedback**

The correct answer is: A free-rider problem. Public goods are non-excludable, so there is always the possibility of free riders.

---

**Question 10c of 10** ( 2 Types of goods 220888 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the difference between individual and public goods?

	Choice	Feedback
A.	The usability of individual goods is never reduced while the usability of public goods declines because of free riders.	
*B.	People cannot be excluded from using public goods while they can be excluded from using individual goods.	Correct! Public goods are non-excludable because the public can enjoy them without paying.
C.	Individual goods are always normal while public goods may be normal or inferior.	
D.	Demand for public goods is inelastic while demand for individual goods is elastic.	

**Global Incorrect Feedback**

The correct answer is: People cannot be excluded from using public goods while they can be excluded from using individual goods. Public goods are non-excludable because the public can enjoy them without paying.

---

PREVIEW

CLOSE

Quiz: Get a Job

**Question 1a of 10** ( 1 Labor market 220931 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: From the point of view of producers, workers are both a resource and which of the following?

	Choice	Feedback
A.	An obstacle	
*B.	A commodity	Correct! Labor is a useful service that can be sold to producers.
C.	Output	
D.	A product	

**Global Incorrect Feedback**

The correct answer is: A commodity. Labor is a useful service that can be sold to producers.

**Question 1b of 10** ( 1 Labor market 220932 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Workers are able to sell their labor to producers because labor is which of the following?

	Choice	Feedback
A.	A cost	
*B.	A commodity	Correct! Labor is a useful service that producers want to purchase.
C.	Good	
D.	A product	

**Global Incorrect Feedback**

The correct answer is: a commodity. Labor is a useful service that producers want to purchase.

**Question 1c of 10** ( 1 Labor market 220933 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an essential commodity needed for the productive process?

	Choice	Feedback
*A.	Labor	Correct! Production requires labor, and labor is a commodity sold by workers.
B.	Allocation	
C.	Inputs	
D.	Planning	

**Global Incorrect Feedback**

The correct answer is: labor. Production requires labor, and labor is a commodity sold by workers.

---

**Question 2a of 10** ( 2 Labor market 220934 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the law of supply and demand has an effect on the labor market?

	Choice	Feedback
A.	There is always a surplus of labor.	
B.	Labor is a factor of production.	
C.	Labor involves costs and benefits.	
*D.	Labor is a commodity.	Correct! Like all commodities, labor has a supply and a demand that affect its price.

**Global Incorrect Feedback**

The correct answer is: Labor is a commodity. Like all commodities, labor has a supply and a demand that affect its price.

---

**Question 2b of 10** ( 2 Labor market 220935 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because labor is a commodity, wages are affected by which of the

following?

	Choice	Feedback
*A.	Supply and demand	Correct! Like all commodities, labor has a supply and a demand that affect its price.
B.	The circular flow model	
C.	The GDP	
D.	Government planning	

**Global Incorrect Feedback**

The correct answer is: Supply and demand. Like all commodities, labor has a supply and a demand that affect its price

---

**Question 2c of 10** ( 2 Labor market 220936 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because labor can be bought and sold in a market like any other commodity, the price of labor is partly determined by which of the following?

	Choice	Feedback
A.	A production possibilities frontier.	
B.	Cost-benefit analysis.	
C.	The circular flow model.	
*D.	The Law of Supply and Demand.	Correct! Like all commodities, labor has a supply and a demand that affect its price.

**Global Incorrect Feedback**

The correct answer is: The Law of Supply and Demand. Like all commodities, labor has a supply and a demand that affect its price.

---

**Question 3a of 10** ( 1 Labor market 220937 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following states one reason why the labor market isn't a completely free market?

	Choice	Feedback
*A.	Workers can't always change jobs when they	Correct! Skills and location limit workers

	want to.	from changing jobs at will.
B.	Workers are also consumers.	
C.	Not all producers need workers.	
D.	Labor is a commodity that costs money to purchase.	

**Global Incorrect Feedback**

The correct answer is: Workers can't always change jobs when they want to. Skills and location limit workers from changing jobs at will.

**Question 3b of 10** ( 1 Labor market 220938 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a restriction on both workers and producers that keeps the labor market from being a completely free market?

	Choice	Feedback
A.	Unemployment insurance.	
B.	The reserve wage.	
*C.	The minimum wage.	Correct! The minimum wage prevents workers and producers from freely agreeing to very low wage levels.
D.	Workers' reluctance to move.	

**Global Incorrect Feedback**

The correct answer is: The minimum wage. The minimum wage prevents workers and producers from freely agreeing to very low wage levels.

**Question 3c of 10** ( 1 Labor market 220939 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains one of the restrictions on producers that keeps the labor market from being a completely free market?

	Choice	Feedback
A.	The government hires a lot of productive workers.	
*B.	Workers aren't always available where they're	Correct! The labor pool isn't distributed so

	needed.	that there's a supply of workers for every demand.
C.	The reserve wage is often higher than the minimum wage.	
D.	Workers can't always get the education needed to get better jobs.	

**Global Incorrect Feedback**

The correct answer is: Workers aren't always available where they're needed. The labor pool isn't distributed so that there's a supply of workers for every demand.

**Question 4a of 10** ( 3 Labor market 220940 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the effect of immigration on the labor market?

	Choice	Feedback
A.	Immigrants usually only make minimum wage.	
B.	Immigrants aren't allowed to work.	
*C.	Immigration increases the supply of labor.	Correct! When people move into a country, the size of the labor pool increases.
D.	Immigration leads to a decrease in consumption.	

**Global Incorrect Feedback**

The correct answer is: Immigration increases the supply of labor. When people move into a country, the size of the labor pool increases.

**Question 4b of 10** ( 3 Labor market 220941 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following explains why immigration can lead to a decrease in wages?

	Choice	Feedback
A.	Immigration is controlled by the government.	

B.	Immigration often results from outsourcing.	
*C.	Immigration increases the supply of labor.	Correct! When people move into a country, the supply of labor increases and this leads to a lower price for labor.
D.	Immigration leads to an increase in consumption.	

**Global Incorrect Feedback**

The correct answer is: Immigration increases the supply of labor. When people move into a country, the supply of labor increases and this leads to a lower price for labor.

**Question 4c of 10** ( 3 Labor market 220942 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When immigration adds to the size of the domestic labor pool, which of the following is likely to occur?

	Choice	Feedback
*A.	Wages decrease.	Correct! When people move into a country, the supply of labor increases and this leads to a lower price for labor.
B.	Productivity increases.	
C.	Consumption decreases.	
D.	Minimum wage increases.	

**Global Incorrect Feedback**

The correct answer is: Wages decrease. When people move into a country, the supply of labor increases and this leads to a lower price for labor.

**Question 5a of 10** ( 2 Labor unions 220943 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the motivation to join a labor union?

	Choice	Feedback
A.	To prevent the minimum wage from going up.	

<b>B.</b>	To promote economic growth.	
<b>C.</b>	To prevent immigrants from getting jobs.	
<b>*D.</b>	To gain greater bargaining power.	Correct! The collective bargaining power of unions puts workers on a more equal level with employers.

**Global Incorrect Feedback**

The correct answer is: To gain greater bargaining power. The collective bargaining power of unions puts workers on a more equal level with employers.

**Question 5b of 10** ( 2 Labor unions 220944 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains what happens when workers join a labor union?

	Choice	Feedback
<b>*A.</b>	The workers get greater bargaining power.	Correct! The collective bargaining power of unions puts workers on a more equal level with employers.
<b>B.</b>	Their wages decrease because of union dues.	
<b>C.</b>	The government guarantees a minimum wage.	
<b>D.</b>	Employers can prevent strikes and slowdowns.	

**Global Incorrect Feedback**

The correct answer is: The workers get greater bargaining power. The collective bargaining power of unions puts workers on a more equal level with employers.

**Question 5c of 10** ( 2 Labor unions 220945 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why collective bargaining increases the bargaining power of workers?

	Choice	Feedback
<b>A.</b>	Collective bargaining prevents employers from using strikebreakers.	



B.	The reserve wage for union workers is much higher.	
C.	Labor is no longer a commodity when it is negotiated collectively.	
*D.	It's difficult for employers to replace their entire work force.	Correct! Employers need their workers, and collective bargaining prevents them from letting go of one or two workers who demand better wages and working conditions.

**Global Incorrect Feedback**

The correct answer is: It's difficult for employers to replace their entire work force. Employers need their workers, and collective bargaining prevents them from letting go of one or two workers who demand better wages and working conditions.

**Question 6a of 10** ( 1 Industrial action 220946 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: strike

Question: When workers stop working entirely, it is called a(n) \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Workers can use the strike to cripple production.

	Global Incorrect Feedback
	The correct answer is: strike. Workers can use the strike to cripple production.

**Question 6b of 10** ( 1 Industrial action 220947 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: slowdown, slow down

Question: When workers intentionally reduce their productivity, it is called a(n)

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Workers can use the slowdown to make their employers see how important their cooperation is.

	Global Incorrect Feedback
	The correct answer is: slowdown. Workers can use the slowdown to make their employers see how important their cooperation is.

### Question 6c of 10 ( 1 Industrial action 220948 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: lockout, lock out

Question: When an employer prevents workers from entering their workplace, it is called a(n) \_\_\_\_\_.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Employers can respond to a slowdown with a lockout.

	Global Incorrect Feedback
	The correct answer is: lockout. Employers can respond to a slowdown with a lockout.

### Question 7a of 10 ( 2 Industrial action 220949 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the purpose of a worker slowdown?

	Choice	Feedback
*A.	To demonstrate the importance of worker-employer cooperation.	Correct! A slowdown is supposed to show an employer how important the

		cooperation of workers is to the productive process.
<b>B.</b>	To prevent the employer from hiring strikebreakers.	
<b>C.</b>	To make sure that the employer doesn't make any profit.	
<b>D.</b>	To pressure the employer to increase the minimum wage.	

**Global Incorrect Feedback**

The correct answer is: To demonstrate the importance of worker-employer cooperation. A slowdown is supposed to show an employer how important the cooperation of workers is to the productive process.

**Question 7b of 10** ( 2 Industrial action 220950 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains the purpose of a strike?

	Choice	Feedback
<b>A.</b>	To pressure employers to increase the minimum wage.	
<b>*B.</b>	To get employers to submit to collective bargaining.	Correct! Workers can cripple production by using a strike, and this pressures employers into accepting collective bargaining.
<b>C.</b>	To prevent employers from taking industrial action.	
<b>D.</b>	To make sure that producers don't make any profit.	

**Global Incorrect Feedback**

The correct answer is: To get employers to submit to collective bargaining. Workers can cripple production by using a strike, and this pressures employers into accepting collective bargaining.

**Question 7c of 10** ( 2 Industrial action 220951 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the purpose of strikebreakers?

	Choice	Feedback
A.	To raise productivity by increasing the labor supply.	
*B.	To prevent an industrial action from affecting production.	Correct! Employers hire strikebreakers in response to strikes and slowdowns in order to prevent workers from gaining an advantage in bargaining.
C.	To make sure that all workers have an equal chance at jobs.	
D.	To pressure labor unions into accepting collective bargaining.	

**Global Incorrect Feedback**

The correct answer is: To prevent an industrial action from affecting production. Employers hire strikebreakers in response to strikes and slowdowns in order to prevent workers from gaining an advantage in bargaining.

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**Question 8a of 10** ( 1 Labor unions 220952 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Labor unions have used which of the following to win passage of favorable laws such as shorter work weeks and the minimum wage?

	Choice	Feedback
A.	Strikes	
*B.	Lobbying	Correct! Labor unions have used their large memberships to convince the government to pass worker-friendly legislation.
C.	Lockouts	
D.	Collective bargaining	

**Global Incorrect Feedback**

The correct answer is: lobbying. Labor unions have used their large memberships to convince the government to pass worker-friendly legislation.

---

**Question 8b of 10** ( 1 Labor unions 220953 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Lobbying by labor unions has resulted in which of the following?

	Choice	Feedback
A.	Collective bargaining agreements.	
B.	A higher reserve wage level.	
*C.	Laws that are favorable to workers.	Correct! Labor unions have used their large memberships to convince the government to pass worker-friendly legislation.
D.	An increase in the supply of public goods.	

**Global Incorrect Feedback**

The correct answer is: Laws that are favorable to workers. Labor unions have used their large memberships to convince the government to pass worker-friendly legislation.

---

**Question 8c of 10** ( 1 Labor unions 220954 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The minimum wage and unemployment insurance are most directly a result of which of the following?

	Choice	Feedback
*A.	Lobbying	Correct! Labor unions have used their large memberships to convince the government to pass worker-friendly legislation.
B.	Immigration	
C.	Collective bargaining	
D.	Supply and demand	

**Global Incorrect Feedback**

The correct answer is: lobbying. Labor unions have used their large memberships to convince the government to pass worker-friendly legislation.

---

**Question 9a of 10** ( 3 Labor unions 220955 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one effect that globalization has had on the labor market in the United States?

	Choice	Feedback
A.	The supply of workers has decreased.	
B.	Productivity has suffered.	
C.	Wages have gone steadily higher.	
*D.	Competition for jobs is greater.	Correct! With outsourcing, workers in the U.S. have to compete with each other more fiercely over the jobs that remain.

**Global Incorrect Feedback**

The correct answer is: Competition for jobs is greater. With outsourcing, workers in the U.S. have to compete with each other more fiercely over the jobs that remain.

---

**Question 9b of 10** ( 3 Labor unions 220956 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why globalization has led to wage cuts in some jobs in the United States?

	Choice	Feedback
*A.	Outsourcing increases the domestic supply of workers, driving down the price of labor.	Correct! With outsourcing, workers in the U.S. have to compete with each other more fiercely over the jobs that remain.
B.	Protectionist policies increase tariffs, which make goods and services more expensive.	
C.	Immigration increases domestic consumption, leading to more competition for goods and services.	
D.	Free trade increases competition among producers, providing an incentive to increase productivity and lower prices.	

**Global Incorrect Feedback**

The correct answer is: Outsourcing increases the domestic supply of workers, driving down the price of labor. With outsourcing, workers in the U.S. have to compete with each other more fiercely over the jobs that remain.

**Question 9c of 10** ( 3 Labor unions 220957 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the effect of outsourcing on the labor market in the United States?

	Choice	Feedback
A.	Immigration declines as workers move elsewhere.	
B.	Wages and prices both increase steadily.	
*C.	Competition for jobs increases and wages go down.	Correct! With outsourcing, workers in the U.S. have to compete with each other more fiercely over the jobs that remain.
D.	The supply of labor decreases and productivity suffers.	

**Global Incorrect Feedback**

The correct answer is: Competition for jobs increases and wages go down. With outsourcing, workers in the U.S. have to compete with each other more fiercely over the jobs that remain.

**Question 10a of 10** ( 3 Protectionist policies 220958 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each of the protectionist policies below with an example of government action that fits the definition.

Choice Text	Correct Match	Match Text
A. Tariff	B.	The government limits the import of sugar from other countries.
B. Quota	A.	The government puts a high tax on sugar made in other countries.
C. Subsidy	C.	The government pays sugar farmers to keep sugar prices low.

Attempt	Incorrect Feedback
1st	

Correct Feedback

	Correct!
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	<b>Global Incorrect Feedback</b>
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	The correct answers are: Tariff: The government puts a high tax on sugar made in other countries; Quota: The government limits the import of sugar from other countries; and Subsidy: The government pays sugar farmers to keep sugar prices low.
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### Question 10b of 10 ( 3 Protectionist policies 220959 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the protectionist policies below with an example of government action that fits the definition.

Choice Text	Correct Match	Match Text
A. Tariff	B.	The government limits the number of foreign cars that can be sold in the United States.
B. Quota	C.	The government gives money to domestic car-makers to help them remain competitive.
C. Subsidy	A.	The government charges a tax on foreign cars sold in the United States.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Tariff: The government charges a tax on foreign cars sold in the United States; Quota: The government limits the number of foreign cars that can be sold in the United States; and Subsidy: The government gives money to domestic car-makers to help them remain competitive.

### Question 10c of 10 ( 3 Protectionist policies 220960 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2



**Question:**

Match each of the protectionist policies below with an example of government action that fits the definition.

Choice Text	Correct Match	Match Text
A. Tariff	A.	The government taxes the import of coffee from South America.
B. Quota	C.	The government provides domestic coffee growers with free land for growing beans.
C. Subsidy	B.	The government limits the amount of South American coffee that can be sold in the United States.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Tariff: The government taxes the import of coffee from South America; Quota: The government limits the amount of South American coffee that can be sold in the United States; and Subsidy: The government provides domestic coffee growers with free land for growing beans.

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PREVIEW

CLOSE

Quiz: Find a Place to Live

**Question 1a of 10** ( 2 Types of housing 221276 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes how a cooperative building is owned?

	Choice	Feedback
A.	A group of partners own the building and rent each apartment to the residents.	
B.	A landlord sells time-share blocks to the residents of the building.	
*C.	The residents are shareholders in a corporation that owns the building.	Correct! A cooperative is a corporation whose shareholders live in the building.
D.	The government owns the building and provides low-rent apartments to the poor.	

**Global Incorrect Feedback**

The correct answer is: The residents are shareholders in a corporation that owns the building. A cooperative is a corporation whose shareholders live in the building.

**Question 1b of 10** ( 2 Types of housing 221277 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Who owns a renter-occupied apartment?

	Choice	Feedback
A.	A cooperative	
B.	The resident	
*C.	A landlord	Correct! Apartments are owned by a landlord who charges rent to the residents.
D.	The government	

**Global Incorrect Feedback**

The correct answer is: A landlord. Apartments

are owned by a landlord who charges rent to the residents.

### Question 1c of 10 ( 2 Types of housing 221278 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes how a condominium is owned?

	Choice	Feedback
*A.	A condominium is an apartment that is owned by the resident rather than a landlord.	Correct! Condominiums are owner-occupied residences.
B.	A group of partners own the building and rent each apartment to the residents.	
C.	Condominiums are apartments owned by a landlord who charges rent to the residents.	
D.	The residents of a condominium are shareholders in a corporation that owns the building.	

#### Global Incorrect Feedback

The correct answer is: A condominium is an apartment that is owned by the resident rather than a landlord. Condominiums are owner-occupied residences.

### Question 2a of 10 ( 1 Types of housing 221279 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the type of housing with its description.

Choice Text	Correct Match	Match Text
A. Single-family home	C.	Unit in a building that is owned by a landlord.
B. Town house	B.	A house attached to other houses in a long row.
C. Apartment	A.	A house not attached to any other houses and intended for one household.

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Correct!
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	<b>Global Incorrect Feedback</b>
	The correct answers are: Single-family home: A house not attached to any other houses intended for one household; Town house: A house attached to other houses in a long row; and Apartment: Unit in a building that is owned by a landlord.

### Question 2b of 10 ( 1 Types of housing 221280 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the type of housing with its owner.

Choice Text	Correct Match	Match Text
A. Condominium	C.	Shareholders
B. Apartment	A.	Resident
C. Cooperative	B.	Landlord

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Condominium: Resident; Apartment: Landlord; and Cooperative: Shareholders.

### Question 2c of 10 ( 1 Types of housing 221281 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the type of housing with the type of building in which it occurs.

Choice Text	Correct Match	Match Text
A. Condominium	B.	Single house attached to other houses in a row.
B. Town house	A.	Building divided into apartment units.
C. Single-family home	C.	House detached from other houses.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Condominium: Building divided into apartment units; Town house: Single house attached to other houses in a row; and Single-family home: House detached from other houses.

### Question 3a of 10 ( 3 Owing versus renting 221282 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why buying a house is more beneficial than renting?

	Choice	Feedback
A.	The monthly payments on a mortgage are generally lower than rent on an apartment.	
B.	It's easier to sell a house than it is to get a landlord to break a rental agreement.	
C.	Housing prices can go up and down quickly in comparison to the level of rents.	
*D.	Buying is a personal investment while renting involves giving money to the landlord.	Correct! Buying allows a person to sell their house, often for more than they originally paid for it.

#### Global Incorrect Feedback

The correct answer is: Buying is a personal investment while renting involves giving money to the landlord. Buying allows a person to sell their house, often for more than they originally paid for it.

### Question 3b of 10 ( 3 Owing versus renting 221283 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes why buying a home is an investment?

	Choice	Feedback
*A.	When someone owns a home, he or she can generally sell it in the future for more than the original price.	Correct! Housing prices, like most prices, tend to increase over time.
B.	The interest rates on home loans are generally much lower than the interest rates on other loans.	
C.	Mortgage interest rates are so low that it's better to invest money in a house than in the stock market.	
D.	Housing prices can go up and down quickly in comparison to the overall inflation rate.	

**Global Incorrect Feedback**

The correct answer is: When someone owns a home, he or she can generally sell it in the future for more than the original price. Housing prices, like most prices, tend to increase over time.

**Question 3c of 10** ( 3 Owning versus renting 221284 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes why renting a place to live is generally cheaper than buying a home?

	Choice	Feedback
A.	Mortgage interest rates are generally higher than the interest rates on other loans.	
B.	Housing prices can go up and down quickly in comparison to the level of rents.	
C.	Apartments and town houses are usually much smaller than single-family houses.	
*D.	Renters don't own anything as a result of their payments, while homeowners do.	Correct! Because buying a home is a good investment, there's a lot of demand for it, which raises the prices.

**Global Incorrect Feedback**

The correct answer is: Renters don't own anything as a result of their payments, while homeowners do. Because buying a home is a good investment, there's a lot of demand for it, which raises the prices.

### Question 4a of 10 ( 2 Owing versus renting 221285 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one disadvantage of owning a home compared to renting a place to live?

	Choice	Feedback
*A.	Monthly mortgage payments are more expensive than rent.	Correct! Mortgage payments are generally higher than rent, but that's because owning a home is an investment.
B.	Residents don't control who makes repairs on damage.	
C.	Homeowners have to give up investment opportunities.	
D.	Residents can't alter their living space without permission.	

#### Global Incorrect Feedback

The correct answer is: Monthly mortgage payments are more expensive than rent. Mortgage payments are generally higher than rent because owning a home is an investment.

### Question 4b of 10 ( 2 Owing versus renting 221286 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one disadvantage of renting a place to live compared to buying a home?

	Choice	Feedback
A.	Tenants have to pay for all repairs to the building.	
*B.	Residents can't alter their living space without permission.	Correct! Renters cannot personalize their living space without permission of the landlord while owners can do almost anything they want.
C.	Rent is generally more than monthly mortgage payments.	
D.	The landlord covers the expenses of maintaining the property.	

#### Global Incorrect Feedback

The correct answer is: Residents can't alter their

living space without permission. Renters cannot personalize their living space without permission of the landlord while owners can do almost anything they want.

**Question 4c of 10** ( 2 Owning versus renting 221287 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one advantage of owning a home compared to renting a place to live?

	Choice	Feedback
A.	Monthly mortgage payments are generally less than rent.	
B.	It's easier to sell a house than it is to break a rental agreement.	
*C.	Homeowners can make a profit on the sale of their home.	Correct! Buying a home is an investment while renting simply results in a transfer of money to the landlord.
D.	Houses have more living space than apartments.	

**Global Incorrect Feedback**

The correct answer is: Homeowners can make a profit on the sale of their home. Buying a home is an investment while renting simply results in a transfer of money to the landlord.

**Question 5a of 10** ( 2 Supply and demand of housing 221288 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following concepts best describes the supply of housing?

	Choice	Feedback
A.	Demographic	
*B.	Inelastic	Correct! The supply of housing can't change very quickly because building houses is expensive and takes a lot of time.
C.	Irrational	
D.	Marginal	



**Global Incorrect Feedback**

The correct answer is: inelastic. The supply of housing can't change very quickly because building houses is expensive and takes a lot of time.

**Question 5b of 10** ( 2 Supply and demand of housing 221289 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains why the supply of housing doesn't automatically increase to meet rising demand?

	Choice	Feedback
A.	The ever-increasing size of the population is always increasing demand faster than supply can grow.	
B.	There's never enough capital investment to meet the high cost of building new houses.	
*C.	The supply of housing can't change very quickly because building houses is expensive and takes a lot of time.	Correct! The supply of housing is inelastic.
D.	There are so many different kinds of housing that it's difficult to predict what kind of housing consumers are demanding.	

**Global Incorrect Feedback**

The correct answer is: The supply of housing can't change very quickly because building houses is expensive and takes a lot of time. The supply of housing is inelastic.

**Question 5c of 10** ( 2 Supply and demand of housing 221290 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains why the demand for housing is more flexible than the supply?

	Choice	Feedback
*A.	People can move more easily than producers can build new homes.	Correct! Demand for housing is elastic while supply is inelastic.
B.	The increasing population always drives demand upwards.	

C.	New housing developments are being constructed all the time.	
D.	Low interest rates for mortgages make buying a home very affordable.	

**Global Incorrect Feedback**

The correct answer is: People can move more easily than producers can build new homes. Demand for housing is elastic while supply is inelastic.

**Question 6a of 10** ( 2 Supply and demand of housing 221291 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes one of the ways that the demographics of an area affect the price of housing in that area?

	Choice	Feedback
A.	An area with a lower population density won't have enough construction workers to build new houses quickly.	
B.	Older people are more likely to stay in their houses, creating a seller's market that keeps prices low.	
C.	When more people have children, their incomes tend to be higher and the housing prices are also higher.	
*D.	An area with younger people will have a higher demand for rentals and a lower demand for buying.	Correct! Young people tend to favor the flexibility of rentals over the benefits of investing in a home.

**Global Incorrect Feedback**

The correct answer is: An area with younger people will have a higher demand for rentals and a lower demand for buying. Young people tend to favor the flexibility of rentals over the benefits of investing in a home.

**Question 6b of 10** ( 2 Supply and demand of housing 221292 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why people with higher incomes favor buying a home over renting?

	Choice	Feedback
*A.	Buying is an investment, but it's also more expensive.	Correct! People with higher incomes can afford the greater housing expenses, particularly because of the long-term benefits of the investment.
B.	Single-family homes cost more and have more bedrooms.	
C.	Wealthier people prefer the flexibility of home ownership.	
D.	Landlords are often able to make a very high income on their investment.	

**Global Incorrect Feedback**

The correct answer is: Buying is an investment, but it's also more expensive. People with higher incomes can afford the greater housing expenses, particularly because of the long-term benefits of the investment.

**Question 6c of 10** ( 2 Supply and demand of housing 221293 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes one of the ways that the demographics of an area affect the price of housing in that area?

	Choice	Feedback
A.	An area with a lot of rental units will have a higher population density and lower housing prices.	
*B.	An area with lots of families will have a higher demand for houses than for apartments.	Correct! People with children tend to favor the long-term benefits of buying over the flexibility of renting.
C.	An area without good restaurants will result in a lower population density and lower housing prices.	
D.	An area with wealthier people will increase the amount of investment capital and keep prices low.	

**Global Incorrect Feedback**

The correct answer is: An area with lots of families will have a higher demand for houses than for apartments. People with children tend to favor the long-term benefits of buying over the flexibility of renting.

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**Question 7a of 10** ( 3 Supply and demand of housing 221294 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following tends to result in an increase in the selling price of houses in an area?

	Choice	Feedback
*A.	A decrease in mortgage interest rates.	Correct! When interest rates go down, more people can afford to buy, increasing competition among homebuyers and driving up prices.
B.	An increase in property taxes.	
C.	An increase in the construction of new homes.	
D.	A decrease in the population of the city or town.	

**Global Incorrect Feedback**

The correct answer is: A decrease in mortgage interest rates. When interest rates go down, more people can afford to buy, increasing competition among homebuyers and driving up prices.

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**Question 7b of 10** ( 3 Supply and demand of housing 221295 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following could result in some people being priced out of the option to buy a home?

	Choice	Feedback
A.	A decrease in the population of the city or town.	
B.	An increase in the supply of housing.	
*C.	An increase in mortgage interest rates.	Correct! Higher mortgage rates increase the monthly housing payment, often to such an extent that some people can't fit the higher payment into their budget.
D.	A decrease in the average income in the city or town.	

**Global Incorrect Feedback**

The correct answer is: An increase in mortgage interest rates. Higher mortgage rates increase the monthly housing payment, often to such an extent that some people can't fit the higher payment into their budget.

**Question 7c of 10** ( 3 Supply and demand of housing 221296 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following tends to result in a decrease in the selling price of houses in an area?

	Choice	Feedback
A.	An increase in the income of new residents in the city or town.	
B.	An increase in the labor costs of construction.	
C.	An increase in the population of the city or town.	
*D.	An increase in mortgage interest rates.	Correct! When interest rates go up, the demand for buying houses is reduced, forcing sellers to compete with each other and bring down prices.

**Global Incorrect Feedback**

The correct answer is: An increase in mortgage interest rates. When interest rates go up, the demand for buying houses is reduced, forcing sellers to compete with each other and bring down prices.

**Question 8a of 10** ( 2 Supply and demand of housing 221297 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is most likely to create a seller's market?

	Choice	Feedback
A.	More investors decide to put their money into construction.	
B.	A factory laying off a lot of workers in the area.	
C.	A lot of people deciding to move out of the vicinity.	

<b>*D.</b>	A rapid increase in the population of a city or town.	Correct! As population increases, competition among buyers increases, putting the sellers in a stronger position.
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**Global Incorrect Feedback**

The correct answer is: A rapid increase in the population of a city or town. As population increases, competition among buyers increases, putting the sellers in a stronger position.

**Question 8b of 10** ( 2 Supply and demand of housing 221298 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following situations would create a buyer's market?

	Choice	Feedback
<b>A.</b>	A rapid increase in the population of a city or town.	
<b>*B.</b>	A factory laying off a lot of workers in the area.	Correct! With a lot of layoffs, many people are likely to be selling their homes, which increases the supply of housing relative to demand.
<b>C.</b>	A lot of construction workers moving away from the area.	
<b>D.</b>	The price of building materials going up faster than the inflation rate.	

**Global Incorrect Feedback**

The correct answer is: A factory laying off a lot of workers in the area. With a lot of layoffs, many people are likely to be selling their homes, which increases the supply of housing relative to demand.

**Question 8c of 10** ( 2 Supply and demand of housing 221299 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following situations is most likely to change a buyer's market into a seller's market?

	Choice	Feedback
<b>*A.</b>	The price of building materials suddenly going up.	Correct! With a higher cost of building materials, there will be less new-house

		construction, making the existing supply of housing more scarce and therefore more valuable.
B.	A factory laying off a lot of workers in the area.	
C.	A natural disaster that drives away a lot of the population.	
D.	The government buys up a lot of houses to build a new freeway.	

**Global Incorrect Feedback**

The correct answer is: The price of building materials suddenly going up. With a higher cost of building materials, there will be less new-house construction, making the existing supply of housing more scarce and therefore more valuable.

**Question 9a of 10** ( 1 Population density 221300 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of area with the correct level of population density.

Choice Text	Correct Match	Match Text
A. Rural	B.	Medium population density.
B. Suburban	A.	Low population density.
C. Urban	C.	High population density.

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Rural: Low population density; Suburban: Medium population density; and Urban: High population density.

**Question 9b of 10** ( 1 Population density 221301 )

Maximum Attempts: 1

Question Type: Matching

**Maximum Score:** 2

**Question:** Match each type of area with the correct level of housing prices.

Choice Text	Correct Match	Match Text
A. Exurban	B.	Medium housing prices.
B. Suburban	C.	High housing prices.
C. Urban	A.	Low housing prices.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Exurban: Low housing prices; Suburban: Medium housing prices; and Urban: High housing prices.

### Question 9c of 10 ( 1 Population density 221302 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of area with the most common type of housing in that area.

Choice Text	Correct Match	Match Text
A. Rural	C.	Single-family houses
B. Urban	B.	Rental apartments
C. Suburban	A.	Low-cost homes

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Rural: Low-cost homes; Urban: Rental apartments; and Suburban: Single-family houses.



### Question 10a of 10 ( 2 Population density 221400 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the advantage of living in a suburban area?

	Choice	Feedback
A.	Suburbs have the lowest population density of any living area.	
*B.	Suburbs give people access to city jobs along with more living space.	Correct! Because of lower population density than the nearby city, suburbs give people more space for yards and privacy.
C.	Suburbs have the widest availability of low-cost housing of any living area.	
D.	Suburbs give people easy access to cultural attractions and high-paying jobs.	

#### Global Incorrect Feedback

The correct answer is: Suburbs give people access to city jobs along with more living space. Because of lower population density than the nearby city, suburbs give people more space for yards and privacy.

### Question 10b of 10 ( 2 Population density 221401 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes one advantage of living in an urban area?

	Choice	Feedback
*A.	There's easy access to cultural attractions.	Correct! People like living in cities because of the restaurants, museums, and other cultural attractions that are available.
B.	Zoning laws help keep crime low.	
C.	Apartment buildings provide a lot of privacy.	
D.	High-rise developments reduce population density.	

#### Global Incorrect Feedback

The correct answer is: There's easy access to cultural attractions. People like living in cities

because of the restaurants, museums, and other cultural attractions that are available.

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**Question 10c of 10** ( 2 Population density 221402 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the advantage of living in a rural area?

	Choice	Feedback
*A.	Housing costs less than in any other living area.	Correct! Because of lower population density, housing prices are low.
B.	There's a wide availability of high-paying jobs.	
C.	Zoning laws provide uniformity among the houses.	
D.	People have easy access to a variety of cultural attractions.	

**Global Incorrect Feedback**

The correct answer is: Housing costs less than in any other living area. Because of lower population density, housing prices are low.

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## Quiz: The Ups and Downs of the Economy

### Question 1a of 10 ( 2 Standard of living 221471 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the standard of living?

	Choice	Feedback
A.	The set of rules for homeownership.	
*B.	How much an average person can afford to buy.	Correct! The standard of living is a measurement of how many goods and services the average person can afford to buy.
C.	A measurement of tax levels.	
D.	The rate of inflation for prices of normal goods.	

#### Global Incorrect Feedback

The correct answer is: How much an average person can afford to buy. The standard of living is a measurement of how many goods and services the average person can afford to buy.

### Question 1b of 10 ( 2 Standard of living 221472 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results in an increase in the standard of living?

	Choice	Feedback
A.	Wages go up to correct for the inflation of prices.	
*B.	Income increases, enabling consumers to buy more goods and services.	Correct! The standard of living goes up when people can afford to buy more.
C.	Rising production costs drive up the price of goods and services.	
D.	An increase in unemployment pushes down the cost of production.	

#### Global Incorrect Feedback

The correct answer is: Income increases.

enabling consumers to buy more goods and services. The standard of living goes up when people can afford to buy more.

**Question 1c of 10** ( 2 Standard of living 221473 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is required for the standard of living to go up?

	Choice	Feedback
*A.	Either prices go down or income goes up.	Correct! When either prices fall or incomes rise, people can afford to buy more goods and services.
B.	A recession turns into a recovery.	
C.	Unemployment and production costs drop.	
D.	Hyperinflation combines with productivity.	

**Global Incorrect Feedback**

The correct answer is: Either prices go down or income goes up. When prices fall or incomes rise, people can afford to buy more goods and services.

**Question 2a of 10** ( 2 Trade 221474 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each term with the benefit it brings.

Choice Text	Correct Match	Match Text
A. Competition	B.	Enables skill improvements and raises efficiency.
B. Specialization	A.	Drives people to work harder and faster.
C. Trade	C.	Allows the creation of new markets.

Attempt	Incorrect Feedback
1st	
	Correct Feedback
	Correct!
	Global Incorrect Feedback

	The correct answer is: Competition: Drives people to work harder and faster; Specialization: Enables skill improvements and raises efficiency; Trade: Allows the creation of new markets.
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### Question 2b of 10 ( 2 Trade 221475 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the benefit with the concept that supports that benefit.

Choice Text	Correct Match	Match Text
A. Increases efficiency.	C.	Trade
B. Gives consumers more options.	A.	Specialization
C. Provides a diversity of goods.	B.	Competition

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Increases efficiency: Specialization; Gives consumers more options: Competition; Provides a diversity of goods: Trade.

### Question 2c of 10 ( 2 Trade 221476 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the effect with the cause.

Choice Text	Correct Match	Match Text
A. Resources can be moved where they're needed.	C.	Specialization
B. Workers have an incentive to improve their skills.	A.	Trade
C. Wasted movements are eliminated.	B.	Competition

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Resources can be moved where they're needed: Trade; Workers have an incentive to improve their skills: Competition; Wasted movements are eliminated: Specialization.

### Question 3a of 10 ( 2 Trade 221477 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is one result of international trade?

	Choice	Feedback
A.	Trade reduces competition.	
B.	Trade drives prices higher.	
*C.	Trade creates new markets.	Correct! By getting goods from one area to another, international trade often results in new markets for goods that were once available only in certain places.
D.	Trade increases protectionism.	

#### Global Incorrect Feedback

The correct answer is: Trade creates new markets. By getting goods from one area to another, international trade often results in new markets for goods that were once available only in certain places.

### Question 3b of 10 ( 2 Trade 221478 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains how trade enhances efficiency?

	Choice	Feedback
*A.	Trade gets productive resources from one place to another where they're more needed.	Correct! By enabling productive resources to go where they're needed, these resources won't go to waste.
B.	Trade drives prices higher.	

C.	Trade reduces competition.	
D.	Trade increases protectionism.	

**Global Incorrect Feedback**

The correct answer is: Trade gets productive resources from one place to another where they're more needed. By enabling productive resources to go where they're needed, these resources won't go to waste.

**Question 3c of 10** ( 2 Trade 221479 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how trade enables greater specialization among producers?

	Choice	Feedback
A.	Trade enables producers to open up new markets for their goods and services.	
B.	Trade requires distribution networks and adds one more step to the production process.	
C.	Trade diversifies the market by bringing specialized goods from around the world.	
*D.	Trade allows people to focus on one kind of production and trade for their other needs.	Correct! Without trade, people would need to fulfill all of their needs themselves instead of specializing in a particular form of production.

**Global Incorrect Feedback**

The correct answer is: Trade allows people to focus on one kind of production and trade for their other needs. Without trade, people would need to fulfill all of their needs themselves instead of specializing in a particular form of production.

**Question 4a of 10** ( 1 Trade 221480 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an example of a protectionist trade policy?

	Choice	Feedback
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*A.	A tariff	Correct! Tariffs raise the prices of imports, thus protecting domestic industry against international competition.
B.	Unions	
C.	A sales tax	
D.	The minimum wage	

**Global Incorrect Feedback**

The correct answer is: A tariff. Tariffs raise the prices of imports, thus protecting domestic industry against international competition.

**Question 4b of 10** ( 1 Trade 221481 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an example of a government policy that protects domestic producers against international competition?

	Choice	Feedback
A.	Trade triangles	
B.	Income tax	
*C.	Subsidies	Correct! Subsidies provide money to domestic companies to allow them to keep prices low and better compete with foreign producers.
D.	Unemployment insurance	

**Global Incorrect Feedback**

The correct answer is: Subsidies. Subsidies provide money to domestic companies to allow them to keep prices low and better compete with foreign producers.

**Question 4c of 10** ( 1 Trade 221482 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the purpose of protectionist trade policies such as tariffs and subsidies?

	Choice	Feedback
A.	They make sure that governments have	



	enough money to pay for fiscal policies.	
B.	They give foreign competitors access to new markets around the world.	
*C.	They allow producers to sell their products more cheaply than foreign competitors.	Correct! By giving financial assistance to businesses in its own country, the government can prevent foreign competitors from underselling domestic producers.
D.	They enable producers to purchase productive resources from everywhere in the world.	

**Global Incorrect Feedback**

The correct answer is: They allow domestic producers to sell their products more cheaply than foreign competitors. By giving financial assistance to businesses in its own country, the government can prevent foreign competitors from underselling domestic producers.

**Question 5a of 10** ( 1 Business cycle 221483 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following comes after a period of recession in the business cycle?

	Choice	Feedback
A.	A boom	
*B.	Recovery	Correct! Recovery comes when more people get hired and consumers begin spending more.
C.	A drought	
D.	Stagflation	

**Global Incorrect Feedback**

The correct answer is: Recovery. Recovery comes when more people get hired and consumers begin spending more.

**Question 5b of 10** ( 1 Business cycle 221484 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following comes after a period of recovery in the business

cycle?

	Choice	Feedback
A.	A depression	
*B.	A boom	Correct! There's more spending and employment during a recovery, which leads to a period of increasing prosperity.
C.	A recession	
D.	Hyperinflation	

**Global Incorrect Feedback**

The correct answer is: A boom. There's more spending and employment during a recovery, which leads to a period of increasing prosperity.

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**Question 5c of 10** ( 1 Business cycle 221485 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following happens when unemployment increases during a recession?

	Choice	Feedback
*A.	There's a depression.	Correct! Unemployment is already high during a recession, and things get worse when unemployment goes even higher.
B.	There's a recovery.	
C.	There's a boom period.	
D.	There's cost-push inflation.	

**Global Incorrect Feedback**

The correct answer is: There's a depression. Unemployment is already high during a recession, and things get worse when unemployment goes even higher.

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**Question 6a of 10** ( 2 Business cycle 221486 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one of the main causes of inflation?

	Choice	Feedback
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A.	Wages drop so workers have to spend a higher percentage of income on necessities.	
B.	Rising unemployment cuts into national income.	
C.	Demand drops and forces producers to charge more to meet their costs.	
*D.	Consumers demand goods faster than they can be supplied.	Correct! When rising consumer demand pushes up prices, there's demand-pull inflation.

**Global Incorrect Feedback**

The correct answer is: Consumers demand goods faster than they can be supplied. When rising consumer demand pushes up prices, there's demand-pull inflation.

**Question 6b of 10** ( 2 Business cycle 221487 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains cost-push inflation?

	Choice	Feedback
*A.	Increasing wages for workers drive up the cost of production, forcing producers to charge more to meet their costs.	Correct! When the cost of production rises, prices are driven upward.
B.	Rising prices for goods and services reduce spending power and cut into consumer demand.	
C.	Wages drop so that workers have to spend a higher percentage of income on the cost of necessities.	
D.	Consumers demand goods faster than they can be supplied, increasing competition among buyers.	

**Global Incorrect Feedback**

The correct answer is: Increasing wages for workers drive up the cost of production, forcing producers to charge more to meet their costs. When the cost of production rises, prices are driven upward.

**Question 6c of 10** ( 2 Business cycle 221488 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is one of the main factors driving prices for goods and services upward?

	Choice	Feedback
A.	Unemployment increases competition among workers so that wages are pushed upwards.	
B.	People demand more services from the government so that there's a budget deficit.	
*C.	Production costs increase so that producers need to charge more to make a profit.	Correct! When the cost of production rises, prices are driven upward.
D.	Wages drop so that workers have to spend a higher percentage of income on the cost of necessities.	

**Global Incorrect Feedback**

The correct answer is: Production costs increase so that producers need to charge more to make a profit. When the cost of production rises, prices are driven upward.

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**Question 7a of 10** ( 1 Business cycle 221489 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an exogenous factor that affects the business cycle?

	Choice	Feedback
*A.	Natural disasters.	Correct! Natural disasters have important economic effects, but the economic system cannot control the occurrence of natural disasters.
B.	Fiscal and monetary policy.	
C.	The level of unemployment.	
D.	The Law of Supply and Demand.	

**Global Incorrect Feedback**

The correct answer is: Natural disasters. Natural disasters have important economic effects, but the economic system cannot control the occurrence of natural disasters.

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### Question 7b of 10 ( 1 Business cycle 221490 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an example of a monetary policy?

	Choice	Feedback
A.	The government lowers taxes and increases spending.	
*B.	The government restricts the amount of money that banks can lend.	Correct! Monetary policy concerns government action to control the money supply, and restricting the amount of money that can be lent results in a restricted money supply.
C.	The government pays for repairing damage from a natural disaster.	
D.	The government requires credit card companies to protect customers' privacy.	

#### Global Incorrect Feedback

The correct answer is: The government restricts the amount of money that banks can lend. Monetary policy concerns government action to control the money supply, and restricting the amount of money that can be lent results in a restricted money supply.

### Question 7c of 10 ( 1 Business cycle 221491 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an example of a fiscal policy?

	Choice	Feedback
A.	A company lays off workers.	
B.	A union goes on strike.	
C.	Banks raise interest rates.	
*D.	The government cuts taxes.	Correct! Fiscal policy concerns government taxation and spending.

#### Global Incorrect Feedback

The correct answer is: The government cuts taxes. Fiscal policy concerns government taxation and spending.

### Question 8a of 10 ( 3 Business cycle 221492 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the economic effect that results from the government running a budget deficit?

	Choice	Feedback
A.	Consumers save less and spend more, bringing prices down.	
B.	Demand decreases, driving investors into other areas.	
*C.	Demand increases, pushing producers to increase supply.	Correct! When the government spends more than it takes in, the government not only leaves more money in consumers' pockets for them to spend, it gets in the spending game too, both of which increase demand.
D.	Consumers save more and spend less, enabling long-term financial planning.	

#### Global Incorrect Feedback

The correct answer is: Demand increases, pushing producers to increase supply. When the government spends more than it takes in, the government not only leaves more money in consumers' pockets for them to spend, it gets in the spending game too, both of which increase demand.

### Question 8b of 10 ( 3 Business cycle 221493 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the economic effect that results from the government having a budget surplus?

	Choice	Feedback
A.	Government spending increases, increasing competition for goods and services and driving prices up.	
*B.	Overall demand decreases, reducing the incentive for producers to increase production.	Correct! When the government spends less than it takes in, there is less overall demand.

C.	Consumers save more and spend less, enabling long-term financial planning.	
D.	Banks have more deposits, enabling them to make more loans to investors.	

**Global Incorrect Feedback**

The correct answer is: Overall demand decreases, reducing the incentive for producers to increase production. When the government spends less than it takes in, there is less overall demand.

**Question 8c of 10** ( 3 Business cycle 221494 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the economic effect that results when the government increases interest rates and restricts the lending of money?

	Choice	Feedback
*A.	Borrowing money becomes more expensive and there is less investment in production.	Correct! When loans become more expensive and harder to get, there's less capital to invest in raising production levels.
B.	The economy grows as investments result in larger profits.	
C.	Government spending drives up prices because of greater competition for goods and services.	
D.	Consumers save more money and spend less buying goods and services.	

**Global Incorrect Feedback**

The correct answer is: Borrowing money becomes more expensive and there is less investment in production. When loans become more expensive and harder to get, there's less capital to invest in raising production levels.

**Question 9a of 10** ( 2 Advantages of large companies 221495 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why a large company can undersell small retailers?

	Choice	Feedback
A.	Large companies can offer workers lower wages because they provide more jobs.	
B.	Large companies have fewer expenses associated with overhead.	
C.	Large companies can pay their employees less because they do unskilled jobs.	
*D.	Large companies can negotiate better prices with wholesalers.	Correct! Large companies buy more goods, giving them the ability to pay lower prices and still give wholesalers a healthy profit.

**Global Incorrect Feedback**

The correct answer is: Large companies can negotiate better prices with wholesalers. Large companies buy more goods, giving them the ability to pay lower prices and still give wholesalers a healthy profit.

**Question 9b of 10** ( 2 Advantages of large companies 221496 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains one of the benefits provided by economies of scale?

	Choice	Feedback
*A.	A larger customer base enables retailers to pay lower prices for wholesale goods.	Correct! A larger customer base lets companies buy in bulk at the best possible prices.
B.	Large online businesses can use their Web site to advertise effectively.	
C.	A wide assortment of goods gives consumers better choices and lower prices.	
D.	Large companies can offer workers lower wages because they provide more jobs.	

**Global Incorrect Feedback**

The correct answer is: A larger customer base enables retailers to pay lower prices for wholesale goods. A larger customer base lets companies buy in bulk at the best possible prices.



### Question 9c of 10 ( 2 Advantages of large companies 221497 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why large companies pay less for goods from wholesalers?

	Choice	Feedback
A.	Large companies are able to increase the efficiency of wholesale production.	
B.	Large companies are able to pay for the goods they purchase in cash.	
C.	Large companies have better-paid employees who are better negotiators.	
*D.	Large companies can buy all or most of a wholesaler's stock.	Correct! The smaller number of transactions and negotiations that are required for doing business with a large company reduces the costs to wholesalers, enabling them to offer a lower price.

#### Global Incorrect Feedback

The correct answer is: Large companies can buy all or most of a wholesaler's stock. The smaller number of transactions and negotiations that are required for doing business with a large company reduces the costs to wholesalers, enabling them to offer a lower price.

### Question 10a of 10 ( 3 Advantages of large companies 221499 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why Amazon can sell books more cheaply than local bookstores?

	Choice	Feedback
*A.	Amazon is able to buy all or most of the books printed by a publisher.	Correct! By reducing the transaction costs involved with selling to a bunch of small local bookstores, Amazon helps publishers cut costs, enabling the publishers to give Amazon the best price possible.
B.	Amazon advertises very cheaply through its own Web site.	
C.	Amazon makes money selling other goods besides books.	

D.	Amazon offers books that nobody else carries.	
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<b>Global Incorrect Feedback</b>
The correct answer is: Amazon is able to buy all or most of the books printed by a publisher. By reducing the transaction costs involved with selling to a bunch of small local bookstores, Amazon helps publishers cut costs, enabling the publishers to give Amazon the best price possible.

**Question 10b of 10** ( 3 Advantages of large companies 221500 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** Which of the following best explains why companies like Amazon and Wal-Mart can sell things more cheaply than others who sell the same products?

	Choice	Feedback
A.	They have partnerships with many other businesses.	
*B.	They can buy wholesale goods cheaply because they have so many customers.	Correct! Buying in bulk allows big companies to negotiate better deals with the producers who sell them the goods in the first place.
C.	They pay lower wages because they employ so many people.	
D.	They only sell a few products so they can be as efficient as possible.	

<b>Global Incorrect Feedback</b>
The correct answer is: They can buy wholesale goods cheaply because they have so many customers. Buying in bulk allows big companies to negotiate better deals with the producers who sell them the goods in the first place.

**Question 10c of 10** ( 3 Advantages of large companies 221501 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** Which of the following best explains why online retail companies have an advantage over regular stores?

	Choice	Feedback
A.	Their employees make less money because they mostly perform unskilled tasks.	
B.	Their transactions require expensive state-of-the-art technological devices.	
*C.	They have a larger number of potential customers because people anywhere can buy from them.	Correct! Large online retailers can reach a lot of customers, allowing them to buy in bulk and negotiate better deals with wholesalers.
D.	They are able to keep distribution costs low by negotiating deals with shipping companies.	

**Global Incorrect Feedback**

The correct answer is: They have a larger number of potential customers because people anywhere can buy from them. Large online retailers can reach a lot of customers, allowing them to buy in bulk and negotiate better deals with wholesalers.

PREVIEW

CLOSE

Test (CS): The Price Is Right

**Question 1a of 25** ( 2 Supply and demand 221674 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is shown by the intersection of the supply curve and the demand curve?

	Choice	Feedback
A.	The maximum price consumers will pay.	
B.	The amount that supply influences demand.	
*C.	The equilibrium price of a good or service.	Correct! The equilibrium price is the price at which quantity supplied equals quantity demanded.
D.	The cost of production for a commodity.	

**Global Incorrect Feedback**

The correct answer is: The equilibrium price of a good or service. The equilibrium price is the price at which quantity supplied equals quantity demanded.

**Question 1b of 25** ( 2 Supply and demand 221675 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is located at the point where the supply and demand curves intersect?

	Choice	Feedback
A.	The minimum supply.	
*B.	The equilibrium price.	Correct! The equilibrium price is the price at which quantity supplied equals quantity demanded.
C.	The maximum demand.	
D.	The level of efficient production.	

**Global Incorrect Feedback**

The correct answer is: The equilibrium price.  
The equilibrium price is the price at which

quantity supplied equals quantity demanded.

### Question 1c of 25 ( 2 Supply and demand 221676 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following are needed to determine the equilibrium price of a good or service?

	Choice	Feedback
*A.	A supply curve and a demand curve.	Correct! The equilibrium price is the price at which quantity supplied equals quantity demanded.
B.	The ratio between surplus and shortage.	
C.	The difference between costs and revenues.	
D.	An accurate calculation of production costs.	

#### Global Incorrect Feedback

The correct answer is: A supply curve and a demand curve. The equilibrium price is the price at which quantity supplied equals quantity demanded.

### Question 2a of 25 ( 2 Supply and demand 221677 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes a shortage?

	Choice	Feedback
A.	A scarcity of natural resources pushes car companies into researching alternative fuels.	
B.	The cost of producing a car is higher than the sale price of the same car.	
C.	A car company tries to charge too high a price for a car and has to offer a rebate.	
*D.	Consumer demand for a certain car is greater than the number of cars that can be produced.	Correct! A shortage occurs when demand exceeds supply.

#### Global Incorrect Feedback

The correct answer is: Consumer demand for a certain car is greater than the number of cars that can be produced. A shortage occurs when

demand exceeds supply.

### Question 2b of 25 ( 2 Supply and demand 221678 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes a surplus?

	Choice	Feedback
*A.	Consumer demand for a certain car is below the number of cars that are produced.	Correct! A surplus occurs when supply exceeds demand.
B.	The production costs for a certain car are below the sale price of that car.	
C.	A car company tries to charge too high a price for a car and has to reduce the price.	
D.	A reduction in the cost of steel enables a car company to reduce the sale price of its cars.	

#### Global Incorrect Feedback

The correct answer is: Consumer demand for a certain car is below the number of cars that are produced. A surplus occurs when supply exceeds demand.

### Question 2c of 25 ( 2 Supply and demand 221679 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes the effect of a situation of scarcity?

	Choice	Feedback
A.	A car company has a slow-down in sales, driving it to offer a cash-back rebate.	
*B.	There's a shortage of oil, pushing car companies into researching alternative fuels.	Correct! Scarcity is a condition in which resources are limited.
C.	A car company produces fewer cars than consumers demand, leading to a rise in prices.	
D.	There's a reduction in the cost of steel, enabling a car company to reduce the sale price of its cars.	

#### Global Incorrect Feedback

The correct answer is: There's a shortage of oil, pushing car companies into researching alternative fuels. Scarcity is a condition in which resources are limited.

**Question 3a of 25** ( 3 Supply and demand 221680 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In which of the following situations would the price of a good be most likely to increase?

	Choice	Feedback
*A.	An increase in production costs results from a rise in wages.	Correct! When production costs increase, the price generally rises as well.
B.	A rise in demand happens too quickly for producers to increase production to keep up.	
C.	A breakthrough in productive technology enables a company to increase its output.	
D.	There's a sudden increase in the number of companies competing to sell the good.	

**Global Incorrect Feedback**

The correct answer is: An increase in production costs results from a rise in wages. When production costs increase, the price generally rises as well.

**Question 3b of 25** ( 3 Supply and demand 221681 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In which of the following situations would the price of a good be most likely to increase?

	Choice	Feedback
A.	The level of production rises to catch up with a sudden rise in consumer demand.	
*B.	A rise in demand happens too quickly for producers to increase production to keep up.	Correct! When demand increases relative to supply, prices rise.
C.	The development of a new energy source reduces production costs for a company.	
D.	There's a sudden increase in the number of companies competing to sell the good.	

**Global Incorrect Feedback**

The correct answer is: A rise in demand happens too quickly for producers to increase production to keep up. When demand increases relative to supply, prices rise.

**Question 3c of 25** ( 3 Supply and demand 221682 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In which of the following situations would the price of a good be most likely to decrease?

	Choice	Feedback
A.	Consumers start using more of a good because the quality has increased significantly.	
B.	A rise in demand happens too quickly for producers to increase production to keep up.	
*C.	The development of a new energy source reduces production costs for a company.	Correct! When production costs decrease, prices generally decrease, as well.
D.	An increase in production costs results from a sudden increase in wages.	

**Global Incorrect Feedback**

The correct answer is: The development of a new energy source reduces production costs for a company. When production costs decrease, prices generally decrease, as well.

**Question 4a of 25** ( 3 Marginal utility 221683 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When someone buys a fourth television for his or her house, what is the result?

	Choice	Feedback
A.	There's a rise in the opportunity cost of buying other goods.	
B.	The production of televisions becomes more efficient.	
*C.	There's a decrease in the marginal utility of the television.	Correct! The utility of a good decreases with the addition of each new one.



D.	The increase in demand brings leads to higher prices for televisions.	
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**Global Incorrect Feedback**

The correct answer is: There's a decrease in the marginal utility of the television. The utility of a good decreases with the addition of each new one.

**Question 4b of 25** ( 3 Marginal utility 221684 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What happens when someone orders a second dessert when he or she is already full from the first dessert?

	Choice	Feedback
A.	There's a decrease in overall demand.	
B.	The production of desserts becomes less efficient.	
C.	There's an increase in the economies of scale.	
*D.	The second dessert has less utility than the first dessert.	Correct! There's decreasing marginal utility when eating more food as you get more full.

**Global Incorrect Feedback**

The correct answer is: The second dessert has less utility than the first dessert. There's decreasing marginal utility when eating more food as you get more full.

**Question 4c of 25** ( 3 Marginal utility 221685 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following occurs when someone buys a third winter coat?

	Choice	Feedback
*A.	Decreasing marginal utility	Correct! The utility of a new winter coat is decreased if you already have a winter coat.
B.	Elasticity	
C.	Substitution	

D.	Efficient production	
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**Global Incorrect Feedback**

The correct answer is: Decreasing marginal utility. The utility of a new winter coat is decreased if you already have a winter coat.

**Question 5a of 25** ( 3 Elasticity 221690 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes a situation in which substitution occurs?

	Choice	Feedback
*A.	A restaurant starts using margarine instead of butter because butter becomes more expensive.	Correct! Substitution occurs when consumers switch from one good to another, usually because the price has changed.
B.	A restaurant adds decaffeinated coffee to its menu because more customers have asked for this drink.	
C.	Consumers boycott a restaurant because the waiters aren't paid minimum wage.	
D.	People give up eating pasta and bread because they want to lose weight.	

**Global Incorrect Feedback**

The correct answer is: A restaurant starts using margarine instead of butter because butter becomes more expensive. Substitution occurs when consumers switch from one good to another, usually because the price has changed.

**Question 5b of 25** ( 3 Elasticity 221691 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes a situation in which consumers have inelastic demand?

	Choice	Feedback
A.	People start using maple syrup because they are making a larger income.	

B.	People give up eating red meat in order to have a healthier heart.	
*C.	People cannot quit drinking coffee even though they want to cut down on caffeine intake.	Correct! Demand is inelastic when people cannot give up using a good or service.
D.	People don't go to a restaurant because there are no vegetarian-only dishes offered.	

**Global Incorrect Feedback**

The correct answer is: People cannot quit drinking coffee even though they want to cut down on caffeine intake. Demand is inelastic when people cannot give up using a good or service.

**Question 5c of 25** ( 3 Elasticity 221692 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes a situation in which consumers have elastic demand?

	Choice	Feedback
A.	A company starts using sugar instead of corn syrup because its revenues are up.	
*B.	People give up eating pasta and bread because they want to lose weight.	Correct! Demand is elastic when people can give up using a good or service.
C.	Consumers boycott a restaurant because the waiters aren't paid minimum wage.	
D.	A restaurant starts using margarine instead of butter because butter becomes more expensive.	

**Global Incorrect Feedback**

The correct answer is: People give up eating pasta and bread because they want to lose weight. Demand is elastic when people can give up using a good or service.

**Question 6a of 25** ( 2 Types of goods 221693 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a trait of public goods?

	Choice	Feedback
*A.	Non-excludability	Correct! Public goods are such that consumers cannot be excluded from enjoying them even if they don't pay.
B.	Inefficiency	
C.	Inelasticity	
D.	Non-inferiority	

**Global Incorrect Feedback**

The correct answer is: Non-excludability. Public goods are such that consumers cannot be excluded from enjoying them even if they don't pay.

**Question 6b of 25** ( 2 Types of goods 221694 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a problem for the production of public goods?

	Choice	Feedback
*A.	The possibility of free riders.	Correct! Public goods are non-excludable, so there is always the possibility of free riders.
B.	Inefficient production.	
C.	Rivalry among consumers.	
D.	An increasing demand curve.	

**Global Incorrect Feedback**

The correct answer is: The possibility of free riders. Public goods are non-excludable, so there is always the possibility of free riders.

**Question 6c of 25** ( 2 Types of goods 221695 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes one way that individual goods differ from public goods?

	Choice	Feedback
*A	People can be excluded from using individual	Correct! Individual goods are excludable

	goods if they don't pay.	while public goods are non-excludable.
<b>B.</b>	All individual goods are normal goods.	
<b>C.</b>	Demand for individual goods is always inelastic.	
<b>D.</b>	Consumer rivalry results in decreasing marginal utility for individual goods.	

**Global Incorrect Feedback**

The correct answer is: People can be excluded from using individual goods if they don't pay. Individual goods are excludable while public goods are non-excludable.

**Question 7a of 25** ( 2 Labor market 221696 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is one of the major factors determining the level of wages?

	Choice	Feedback
<b>A.</b>	The production possibilities frontier.	
<b>B.</b>	The law of diminishing marginal return.	
<b>*C.</b>	The law of supply and demand.	Correct! Like all commodities, labor has a supply and a demand that affect its price.
<b>D.</b>	The level of production costs.	

**Global Incorrect Feedback**

The correct answer is: The law of supply and demand. Like all commodities, labor has a supply and a demand that affect its price.

**Question 7b of 25** ( 2 Labor market 221697 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** All of the following factors affect the level of wages *except* which of the following?

	Choice	Feedback
<b>A.</b>	The law of supply and demand.	
<b>B.</b>	Minimum-wage laws.	

C.	The actions of labor unions.	
*D.	The production possibilities frontier.	Correct! The production possibilities frontier is used to determine how to have efficient production.

**Global Incorrect Feedback**

The correct answer is: The production possibilities frontier. The production possibilities frontier is used to determine how to have efficient production.

**Question 7c of 25** ( 2 Labor market 221698 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: All of the following factors affect the level of wages *except* which of the following?

	Choice	Feedback
A.	The size of the labor pool.	
B.	The level of immigration.	
*C.	The gross domestic product.	Correct! The gross domestic product measures overall economic activity.
D.	The actions of labor unions.	

**Global Incorrect Feedback**

The correct answer is: The gross domestic product. The gross domestic product measures overall economic activity.

**Question 8a of 25** ( 2 Labor market 221699 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following limits the freedom of workers in the labor market?

	Choice	Feedback
*A.	The inflexibility of the work force.	Correct! Certain jobs require certain levels of experience, training, and/or education, which means that not anyone can take every available job.
B.	The availability of education.	

C.	The level of the minimum wage.	
D.	The existence of industrial robots.	

**Global Incorrect Feedback**

The correct answer is: The inflexibility of the work force. Certain jobs require certain levels of experience, training, and/or education, which means that not anyone can take every available job.

**Question 8b of 25** ( 2 Labor market 221700 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following limits the freedom of both employers and workers in the labor market?

	Choice	Feedback
A.	The operations of collective bargaining.	
B.	The availability of educated workers.	
*C.	The existence of a minimum wage.	Correct! The minimum wage prevents workers and producers from freely agreeing to very low wage levels
D.	The problem of monopolistic competition.	

**Global Incorrect Feedback**

The correct answer is: The existence of a minimum wage. The minimum wage prevents workers and producers from freely agreeing to very low wage levels.

**Question 8c of 25** ( 2 Labor market 221701 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains one of the restrictions on producers that keeps the labor market from being a completely free market?

	Choice	Feedback
A.	Immigration increases the size of the available labor pool.	
B.	The government has millions of bureaucratic workers.	

*C.	Workers don't always have the education required to perform certain jobs.	Correct! An adequate labor pool isn't always available for the jobs that need to be done.
D.	Unions represent workers in collective bargaining situations.	

**Global Incorrect Feedback**

The correct answer is: Workers don't always have the education required to perform certain jobs. An adequate labor pool isn't always available for the jobs that need to be done.

**Question 9a of 25** ( 2 Labor market 221705 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because immigration can result in an increase in the supply of labor, immigration can result in which of the following?

	Choice	Feedback
A.	An increase in the bargaining power of unions.	
B.	Severe restrictions on citizenship.	
C.	The passage of minimum-wage laws.	
*D.	A general decrease in wages.	Correct! When the size of the labor pool increases, wages tend to decrease.

**Global Incorrect Feedback**

The correct answer is: A general decrease in wages. When the size of the labor pool increases, wages tend to decrease.

**Question 9b of 25** ( 2 Labor market 221706 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is most likely to lead to a general decrease in wages?

	Choice	Feedback
*A.	Immigration	Correct! When people move into a country, the supply of labor increases and this leads to a lower price for labor.
B.	Elastic demand	



C.	An economic recovery	
D.	Public goods	

**Global Incorrect Feedback**

The correct answer is: Immigration. When people move into a country, the supply of labor increases and this leads to a lower price for labor.

**Question 9c of 25** ( 2 Labor market 221707 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Immigration can result in a general decrease in wages because immigration does which of the following?

	Choice	Feedback
*A.	Increases the supply of labor.	Correct! Wages often go down when the supply of labor increases.
B.	Affects the gross domestic product.	
C.	Leads to government regulation of unions.	
D.	Reduces overall consumption.	

**Global Incorrect Feedback**

The correct answer is: Increases the supply of labor. Wages often go down when the supply of labor increases.

**Question 10a of 25** ( 2 Labor market 221709 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following leads to an increase in bargaining power for workers?

	Choice	Feedback
A.	An increase in the supply of labor.	
B.	Minimum-wage laws.	
C.	Protectionist trade policies.	
*D.	The existence of unions.	Correct! The collective bargaining power of unions puts workers on a more equal level with employers.

**Global Incorrect Feedback**

The correct answer is: The existence of unions.  
The collective bargaining power of unions puts workers on a more equal level with employers.

**Question 10b of 25** ( 2 Labor market 221710 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains how unions help workers get better wages?

	Choice	Feedback
*A.	The collective bargaining power of unions puts workers on a more equal level with employers.	Correct! Collective bargaining gives workers more power in contract negotiations.
B.	Unions provide workers with the educational opportunities needed to get the best-paying jobs.	
C.	Work slowdowns sponsored by unions help employers cut production costs and increase sales.	
D.	The high level of union dues pushes workers into demanding better wages so they can afford their dues.	

**Global Incorrect Feedback**

The correct answer is: The collective bargaining power of unions puts workers on a more equal level with employers. Collective bargaining gives workers more power in contract negotiations.

**Question 10c of 25** ( 2 Labor market 221711 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains why unions give workers more power in contract negotiations?

	Choice	Feedback
A.	Employers aren't legally allowed to reject a contract from a union.	
*B.	Employers can't fire an entire union because of the difficulty of replacing every worker.	Correct! Employers need their workers, and collective bargaining prevents them

		from letting go of one or two workers who demand better wages and working conditions.
C.	Unions are able to provide workers with the education they need.	
D.	Unions can provide a supply of strikebreakers.	

**Global Incorrect Feedback**

The correct answer is: Employers can't fire an entire union because of the difficulty of replacing every worker. Employers need their workers, and collective bargaining prevents them from letting go of one or two workers who demand better wages and working conditions.

**Question 11a of 25** ( 2 Labor market 221712 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is intended to demonstrate to an employer the importance of cooperating with workers?

	Choice	Feedback
A.	A stock offer.	
B.	A boost in production.	
*C.	A work slowdown.	Correct! A slowdown is supposed to show an employer how important the cooperation of workers is to the productive process.
D.	A collective agreement.	

**Global Incorrect Feedback**

The correct answer is: A work slowdown. A slowdown is supposed to show an employer how important the cooperation of workers is to the productive process.

**Question 11b of 25** ( 2 Labor market 221713 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following actions can a union take to get an employer to submit to collective bargaining?

	Choice	Feedback
A.	Buy from competitors.	
*B.	Call a strike.	Correct! Workers can cripple production by using a strike, and this pressures employers into accepting collective bargaining.
C.	Increase the labor supply.	
D.	Lobby for government regulation.	

**Global Incorrect Feedback**

The correct answer is: Call a strike. Workers can cripple production by using a strike, and this pressures employers into accepting collective bargaining.

**Question 11c of 25** ( 2 Labor market 221714 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following can employers use to prevent an industrial action by a union from affecting production?

	Choice	Feedback
*A.	Strikebreakers	Correct! Employers hire strikebreakers in response to strikes and slowdowns in order to prevent workers from gaining an advantage in bargaining.
B.	Social security	
C.	Wage cuts	
D.	Collective bargaining	

**Global Incorrect Feedback**

The correct answer is: Strikebreakers. Employers hire strikebreakers in response to strikes and slowdowns in order to prevent workers from gaining an advantage in bargaining.

**Question 12a of 25** ( 1 Labor market 221715 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following has led to greater competition among workers

looking for jobs?

	Choice	Feedback
*A.	Globalization	Correct! Globalization brings immigration and outsourcing, both of which increases competition among workers.
B.	Protectionism	
C.	Specialization	
D.	Unionization	

**Global Incorrect Feedback**

The correct answer is: Globalization. Globalization brings immigration and outsourcing, both of which increases competition among workers.

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**Question 12b of 25** ( 1 Labor market 221716 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results of globalization has led to wage cuts for workers in the United States?

	Choice	Feedback
A.	Protectionism	
*B.	Outsourcing	Correct! With outsourcing, workers in the United States have to compete with each other more fiercely over the jobs that remain.
C.	Specialization	
D.	Unionization	

**Global Incorrect Feedback**

The correct answer is: Outsourcing. With outsourcing, workers in the United States have to compete with each other more fiercely over the jobs that remain.

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**Question 12c of 25** ( 1 Labor market 221717 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results from outsourcing jobs from the United

States to other countries?

	Choice	Feedback
<b>*A.</b>	Lower wages for U.S. workers.	Correct! With outsourcing, workers in the United States have to compete with each other more fiercely over the jobs that remain, and this competition results in lower wages.
<b>B.</b>	Increasing exports out the United States.	
<b>C.</b>	Reduced immigration to the United States.	
<b>D.</b>	Subsidies for goods made in the United States.	

Global Incorrect Feedback
The correct answer is: Lower wages for U.S. workers. With outsourcing, workers in the United States have to compete with each other more fiercely over the jobs that remain, and this competition results in lower wages.

### Question 13a of 25 ( 3 Policy 221718 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of policy with the example that best fits its definition.

Choice Text	Correct Match	Match Text
A. Protectionist policy	<b>B.</b>	The government goes into debt to buy a large number of vehicles for the military.
B. Fiscal policy	<b>A.</b>	The government limits the number of foreign cars that can be sold in the United States.
C. Monetary policy	<b>C.</b>	The government decreases the interest rates on loans charged to car companies.

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Protectionist policy : The government limits the number of foreign cars that can be sold in the United States; Fiscal policy : The government goes into debt to buy a large number of vehicles for the military; Monetary policy : The government decreases

	the interest rates on loans charged to car companies.
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### Question 13b of 25 ( 3 Policy 221719 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of policy with the example that best fits its definition.

Choice Text	Correct Match	Match Text
A. Protectionist policy	A.	A high tax on cars imported from other countries.
B. Fiscal policy	B.	Reduced taxes on corporate profits.
C. Monetary policy	C.	Increased interest rates on loans.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Protectionist policy : A high tax on cars imported from other countries; Fiscal policy : Reduced taxes on corporate profits; Monetary policy : Increased interest rates on loans.

### Question 13c of 25 ( 3 Policy 221720 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of policy with the example that best fits its definition.

Choice Text	Correct Match	Match Text
A. Protectionist policy	C.	The government restricts the amount of money that can be loaned to farmers.
B. Fiscal policy	B.	The government purchases a large amount of domestically grown grain.
C. Monetary policy	A.	The government limits the amount of European grain that can be sold in the United States.

Attempt	Incorrect Feedback

1st	
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	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Protectionist policy : The government limits the amount of European grain that can be sold in the United States; Fiscal policy : The government purchases a large amount of domestically grown grain; Monetary policy : The government restricts the amount of money that can be loaned to farmers.

### Question 14a of 25 ( 3 Housing 221722 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following housing decisions provides a person with both housing and an investment?

	Choice	Feedback
A.	Subletting a condominium.	
B.	Renting an apartment.	
C.	Selling a share in a cooperative.	
*D.	Buying a single-family home.	Correct! Buying a home gives people a residence and also allows them to sell their house, often for more than they originally paid, which makes it an investment.

<b>Global Incorrect Feedback</b>
The correct answer is: Buying a single-family home. Buying a home gives people a residence and also allows them to sell their house, often for more than they originally paid, which makes it an investment.

### Question 14b of 25 ( 3 Housing 221723 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following housing decisions gives a person the best chance to make a profit on his or her investment?



	Choice	Feedback
*A.	Buying a single-family home in a city.	Correct! Housing prices in cities generally increase more quickly than anywhere else.
B.	Building condominiums in an exurb.	
C.	Renting an apartment.	
D.	Purchasing land in a rural area.	

**Global Incorrect Feedback**

The correct answer is: Buying a single-family home in a city. Housing prices in cities generally increase more quickly than anywhere else.

**Question 14c of 25** ( 3 Housing 221724 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why buying a single-family home in a city is a good investment?

	Choice	Feedback
A.	Mortgage payments on houses are generally lower than rent on urban apartments.	
*B.	Housing prices in cities generally increase more quickly than anywhere else.	Correct! Because housing prices in the city increase so quickly, it's possible to make a large profit on the sale of a single-family home in an urban area.
C.	Low crime rates in the city make it safe to invest in a single-family home.	
D.	Living in the city puts people in closer proximity to high-paying jobs.	

**Global Incorrect Feedback**

The correct answer is: Housing prices in cities generally increase more quickly than anywhere else. Because housing prices in the city increase so quickly, it's possible to make a large profit on the sale of a single-family home in an urban area.

**Question 15a of 25** ( 2 Elasticity 221725 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following commodities has the most inelastic supply?

	Choice	Feedback
*A.	Housing	Correct! The supply of housing can't change very quickly because building houses is expensive and takes a lot of time.
B.	Labor	
C.	Food	
D.	Transportation	

**Global Incorrect Feedback**

The correct answer is: Housing. The supply of housing can't change very quickly because building houses is expensive and takes a lot of time.

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**Question 15b of 25** ( 2 Elasticity 221726 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results from the fact that housing is expensive and time-consuming to build?

	Choice	Feedback
A.	Investing in housing is very risky.	
*B.	The supply of housing is inelastic.	Correct! The supply of housing can't change very quickly.
C.	The demand for housing grows slowly.	
D.	Population density goes up and down quickly.	

**Global Incorrect Feedback**

The correct answer is: The supply of housing is inelastic. The supply of housing can't change very quickly.

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**Question 15c of 25** ( 2 Elasticity 221727 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why the supply of housing often cannot keep up with increases in demand?

	Choice	Feedback
A.	Demographic changes make the demand for housing unpredictable.	
B.	Banks do not like to invest in new-house construction.	
*C.	Housing is expensive and time-consuming to build.	Correct! The supply of housing can't change very quickly while demand can.
D.	Zoning laws prevent real-estate developers from being creative.	

Global Incorrect Feedback
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The correct answer is: Housing is expensive and time-consuming to build. The supply of housing can't change very quickly while demand can.
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### Question 16a of 25 ( 3 Housing 221728 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The selling price of houses would be most likely to increase if there were a decrease in which of the following?

	Choice	Feedback
A.	The population of the city or town.	
B.	Government regulation.	
C.	The construction of new homes.	
*D.	Mortgage interest rates.	Correct! When interest rates go down, more people can afford to buy, increasing competition among home-buyers and driving up prices.

Global Incorrect Feedback
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The correct answer is: Mortgage interest rates. When interest rates go down, more people can afford to buy, increasing competition among home-buyers and driving up prices.
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### Question 16b of 25 ( 3 Housing 221729 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Consumers are most likely to be priced out of the option to buy a home when there's an increase in which of the following?

	Choice	Feedback
A.	Investment in housing construction.	
B.	The supply of housing.	
*C.	Mortgage interest rates.	Correct! Higher mortgage rates increase the monthly housing payment, often to such an extent that some people can't fit the higher payment into their budget.
D.	Government subsidies to home-buyers.	

**Global Incorrect Feedback**

The correct answer is: Mortgage interest rates. Higher mortgage rates increase the monthly housing payment, often to such an extent that some people can't fit the higher payment into their budget.

**Question 16c of 25** ( 3 Housing 221730 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The selling price of houses would be most likely to decrease if there were first a decrease in which of the following?

	Choice	Feedback
*A.	Construction workers' wages.	Correct! Construction costs are a major factor in the cost of housing.
B.	Mortgage interest rates.	
C.	The unemployment rate.	
D.	New-housing construction.	

**Global Incorrect Feedback**

The correct answer is: Construction workers' wages. Construction costs are a major factor in the cost of housing.

**Question 17a of 25** ( 3 Housing 221731 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A rapid increase in the population of a city or town is most likely to lead to which of the following?

	Choice	Feedback
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A.	Low housing prices.	
B.	Higher-paying jobs.	
*C.	A seller's market.	Correct! As population increases, competition among buyers increases, putting the sellers in a stronger position.
D.	A drop in population density.	

**Global Incorrect Feedback**

The correct answer is: A seller's market. As population increases, competition among buyers increases, putting the sellers in a stronger position.

**Question 17b of 25** ( 3 Housing 221732 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A factory laying off a lot of workers in a town is most likely to lead to which of the following?

	Choice	Feedback
A.	Economic recovery.	
*B.	A buyer's market.	Correct! With a lot of layoffs, many people are likely to be selling their homes, which increases competition among sellers and results in a buyer's market.
C.	Rise in housing investment.	
D.	Increase in population density.	

**Global Incorrect Feedback**

The correct answer is: A buyer's market. With a lot of layoffs, many people are likely to be selling their homes, which increases competition among sellers and results in a buyer's market.

**Question 17c of 25** ( 3 Housing 221733 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: If the price of building materials suddenly increased by a large amount, there would most likely be which of the following?

	Choice	Feedback
	<b>*A.</b> Shift to a seller's market.	Correct! With a higher cost of building materials, there will be less new-house construction, making the existing supply of housing more scarce and therefore more valuable.
	<b>B.</b> Rush to build new houses.	
	<b>C.</b> A decrease in property taxes.	
	<b>D.</b> Increase in mortgage interest rates.	

**Global Incorrect Feedback**

The correct answer is: Shift to a seller's market. With a higher cost of building materials, there will be less new-house construction, making the existing supply of housing more scarce and therefore more valuable.

**Question 18a of 25** ( 2 Population density 221734 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following areas gives people access to both high-paying jobs and more living space?

	Choice	Feedback
	<b>A.</b> Exurbs	
	<b>B.</b> The city	
	<b>C.</b> Rural areas	
	<b>*D.</b> The suburbs	Correct! Because of lower population density than the nearby city, suburbs give people more space for yards and privacy.

**Global Incorrect Feedback**

The correct answer is: The suburbs. Because of lower population density than the nearby city, suburbs give people more space for yards and privacy.

**Question 18b of 25** ( 2 Population density 221735 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following areas provides residents with close access to

high-paying jobs and cultural attractions?

	Choice	Feedback
*A.	The city	Correct! People like living in cities because of the restaurants, museums, and other cultural attractions that are available along with the availability of high-paying jobs.
B.	Exurbs	
C.	Rural areas	
D.	The suburbs	

**Global Incorrect Feedback**

The correct answer is: The city. People like living in cities because of the restaurants, museums, and other cultural attractions that are available along with the availability of high-paying jobs.

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**Question 18c of 25** ( 2 Population density 221736 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following has the lowest housing prices and the smallest population density?

	Choice	Feedback
A.	Inner-city neighborhoods	
B.	High-rise apartments	
*C.	Rural areas	Correct! Rural areas are more sparsely populated and have lower average housing prices than other areas.
D.	Suburban developments	

**Global Incorrect Feedback**

The correct answer is: Rural areas. Rural areas are more sparsely populated and have lower average housing prices than other areas.

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**Question 19a of 25** ( 1 Supply and demand 221737 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** A calculation of the amount that the average person can afford to buy is a way of measuring which of the following?

	Choice	Feedback
<b>*A.</b>	Standard of living	Correct! The standard of living is a measurement of how many goods and services the average person can afford to buy.
<b>B.</b>	The inflation rate	
<b>C.</b>	National income	
<b>D.</b>	Unemployment	

**Global Incorrect Feedback**

The correct answer is: Standard of living. The standard of living is a measurement of how many goods and services the average person can afford to buy.

**Question 19b of 25** ( 1 Supply and demand 221738 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** An increase in the standard of living results from an increase in which of the following?

	Choice	Feedback
<b>A.</b>	Production costs	
<b>B.</b>	Unemployment	
<b>*C.</b>	Income	Correct! The standard of living goes up when people can afford to buy more.
<b>D.</b>	Consumer demand	

**Global Incorrect Feedback**

The correct answer is: Income. The standard of living goes up when people can afford to buy more.

**Question 19c of 25** ( 1 Supply and demand 221739 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When either prices go down or income goes up, there is an increase in which of the following?



	Choice	Feedback
*A.	The standard of living	Correct! When either prices fall or incomes rise, people can afford to buy more goods and services.
B.	Unemployment	
C.	The inflation rate	
D.	The gross domestic product	

**Global Incorrect Feedback**

The correct answer is: The standard of living. When either prices fall or incomes rise, people can afford to buy more goods and services.

**Question 20a of 25** ( 2 Trade 221740 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is most likely to create new markets?

	Choice	Feedback
A.	Fiscal policy	
B.	Competition	
C.	Protectionism	
*D.	Free trade	Correct! By getting goods from one area to another, trade often results in new markets for goods that were once available only in certain places.

**Global Incorrect Feedback**

The correct answer is: Free trade. By getting goods from one area to another, international trade often results in new markets for goods that were once available only in certain places.

**Question 20b of 25** ( 2 Trade 221741 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the most direct result of free trade supplying productive resources to areas where they're most needed?

	Choice	Feedback
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A.	Increasing specialization	
*B.	Enhanced efficiency	Correct! By enabling productive resources to go where they're needed, these resources won't go to waste.
C.	Greater competition	
D.	Lower interest rates	

**Global Incorrect Feedback**

The correct answer is: Enhanced efficiency. By enabling productive resources to go where they're needed, these resources won't go to waste.

**Question 20c of 25** ( 2 Trade 221742 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is most necessary for specialization among producers to take place?

	Choice	Feedback
*A.	Free trade	Correct! Without trade, people would need to fulfill all of their needs themselves instead of specializing in a particular form of production.
B.	Monetary policy	
C.	Competition	
D.	Scarcity	

**Global Incorrect Feedback**

The correct answer is: Free trade. Without trade, people would need to fulfill all of their needs themselves instead of specializing in a particular form of production.

**Question 21a of 25** ( 2 Trade 221743 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the effect of a tariff on the import of cars from a foreign country?

	Choice	Feedback
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A.	Demand for foreign cars is increased.	
*B.	Foreign cars become more expensive.	Correct! Tariffs are taxes that raise the prices of imports.
C.	The government runs a budget deficit.	
D.	The domestic economy goes into recession.	

**Global Incorrect Feedback**

The correct answer is: Foreign cars become more expensive. Tariffs are taxes that raise the prices of imports.

**Question 21b of 25** ( 2 Trade 221744 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best states the purpose of a government subsidy?

	Choice	Feedback
*A.	To protect domestic producers against international competition.	Correct! Subsidies provide money to domestic companies to allow them to keep prices low and better compete with foreign producers.
B.	To keep prices low for consumers around the world.	
C.	To enable companies to outsource jobs.	
D.	To prevent a budget deficit.	

**Global Incorrect Feedback**

The correct answer is: To protect domestic producers against international competition. Subsidies provide money to domestic companies to allow them to keep prices low and better compete with foreign producers.

**Question 21c of 25** ( 2 Trade 221745 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best states the purpose of an import quota?

	Choice	Feedback
*A.	To reduce competition from foreign producers.	Correct! By limiting the import of foreign

		goods, a quota protects domestic producers from competition by foreign producers.
<b>B.</b>	To lower taxes and limit government spending.	
<b>C.</b>	To increase the gross domestic product.	
<b>D.</b>	To prevent a budget deficit.	

**Global Incorrect Feedback**

The correct answer is: To reduce competition from foreign producers. By limiting the import of foreign goods, a quota protects domestic producers from competition by foreign producers.

**Question 22a of 25** ( 2 Business cycle 221747 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following leads to the end of a boom period in the business cycle?

	Choice	Feedback
<b>*A.</b>	A reduction in consumer demand resulting from inflation.	Correct! A boom period ends when demand decreases, which leads to unemployment and a further decrease in demand.
<b>B.</b>	A rise in prices resulting from higher production costs.	
<b>C.</b>	A natural disaster resulting in greater demand for housing construction.	
<b>D.</b>	A rise in interest rates.	

**Global Incorrect Feedback**

The correct answer is: A reduction in consumer demand resulting from inflation. A boom period ends when demand decreases, which leads to unemployment and a further decrease in demand.

**Question 22b of 25** ( 2 Business cycle 221748 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains how a recovery period leads to a

boom?

	Choice	Feedback
A.	A decrease in unemployment resulting from low production costs.	
B.	A reduction in consumer demand resulting from hyperinflation.	
*C.	An increase in consumer demand resulting from a reduction in prices.	Correct! Even with unemployment, low prices can stimulate demand, and increasing demand leads to greater production and more hiring.
D.	A natural disaster resulting in greater demand for housing construction.	

**Global Incorrect Feedback**

The correct answer is: An increase in consumer demand resulting from a reduction in prices. Even with unemployment, low prices can stimulate demand, and increasing demand leads to greater production and more hiring.

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**Question 22c of 25** ( 2 Business cycle 221749 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains what happens when unemployment increases during a recession?

	Choice	Feedback
A.	The recession turns into a boom period.	
B.	The recession recedes into a recovery.	
*C.	The recession worsens into a depression.	Correct! Unemployment is already high during a recession, and things get worse when unemployment goes even higher.
D.	The recession leads to cost-push inflation.	

**Global Incorrect Feedback**

The correct answer is: The recession worsens into a depression. Unemployment is already high during a recession, and things get worse when unemployment goes even higher.

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**Question 23a of 25** ( 2 Business cycle 221750 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the cause of demand-pull inflation?

	Choice	Feedback
A.	A shortage of workers increases production costs.	
*B.	Consumers want more and more goods and services.	Correct! When rising consumer demand pushes up prices, there's demand-pull inflation.
C.	Foreign competition drives domestic prices higher.	
D.	Globalization and outsourcing reduce national income.	

**Global Incorrect Feedback**

The correct answer is: Consumers want more and more goods and services. When rising consumer demand pushes up prices, there's demand-pull inflation.

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**Question 23b of 25** ( 2 Business cycle 221751 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the most direct cause of cost-push inflation?

	Choice	Feedback
A.	Reductions in wages.	
*B.	Rising production costs.	Correct! When the cost of production rises, prices are driven upward.
C.	Greater scarcity of natural resources.	
D.	Increasing supply of goods and services.	

**Global Incorrect Feedback**

The correct answer is: Rising production costs. When the cost of production rises, prices are driven upward.

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**Question 23c of 25** ( 2 Business cycle 221752 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following would lead to an increase in the inflation rate?

	Choice	Feedback
*A.	Rapidly rising production costs.	Correct! When the cost of production rises, prices are driven upward.
B.	The spread of outsourcing.	
C.	An end to protectionist policies.	
D.	Steadily climbing unemployment.	

**Global Incorrect Feedback**

The correct answer is: Rapidly rising production costs. When the cost of production rises, prices are driven upward.

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**Question 24a of 25** ( 3 Policy 221753 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an example of a fiscal policy?

	Choice	Feedback
*A.	Raising taxes in order to cover a budget deficit.	Correct! Fiscal policy concerns taxation and spending by the government.
B.	Preventing unions from going on strike.	
C.	Increasing the level of the minimum wage.	
D.	Restricting the amount of money that banks can lend.	

**Global Incorrect Feedback**

The correct answer is: Raising taxes in order to cover a budget deficit. Fiscal policy concerns taxation and spending by the government.

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**Question 24b of 25** ( 3 Policy 221754 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an example of a fiscal policy?

	Choice	Feedback
A.	Lowering the interest rate on loans to corporations.	

B.	Allowing workers to bargain collectively.	
*C.	Increasing taxes to pay for greater military spending.	Correct! Fiscal policy concerns taxation and spending by the government.
D.	Setting up an unemployment insurance program.	

**Global Incorrect Feedback**

The correct answer is: Increasing taxes to pay for greater military spending. Fiscal policy concerns taxation and spending by the government.

**Question 24c of 25** ( 3 Policy 221755 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an example of the use of fiscal policy by the U.S. government?

	Choice	Feedback
*A.	The Department of Transportation increases spending on highway repairs.	Correct! Fiscal policy concerns taxation and spending by the government.
B.	Congress makes it illegal for the police union to go on strike.	
C.	The Federal Reserve Bank lowers the interest rate on loans to corporations.	
D.	The Supreme Court rules that unions have the right to collective bargaining.	

**Global Incorrect Feedback**

The correct answer is: The Department of Transportation increases spending on highway repairs. Fiscal policy concerns taxation and spending by the government.

**Question 25a of 25** ( 3 Economies of scale 221757 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following results from a large company's ability to take advantage of economies of scale?

	Choice	Feedback
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<b>*A.</b>	The company can offer goods more cheaply than smaller retailers.	Correct! Large companies buy more goods from wholesalers, which allows them to pay lower prices and pass the savings on to customers.
<b>B.</b>	The company can hire fewer workers for lower wages.	
<b>C.</b>	The company can rely on better technology for production.	
<b>D.</b>	The company can more effectively use the Internet for advertising.	

**Global Incorrect Feedback**

The correct answer is: The company can offer goods more cheaply than smaller retailers. Large companies buy more goods from wholesalers, which allows them to pay lower prices and pass the savings on to customers.

**Question 25b of 25** ( 3 Economies of scale 221758 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why large companies have an advantage over smaller companies?

	Choice	Feedback
<b>A.</b>	The production possibilities frontier is wider for a larger company.	
<b>B.</b>	Decreasing marginal utility enables more efficient production.	
<b>C.</b>	Increasing the scale of production leads to a reduction in inputs.	
<b>*D.</b>	Economies of scale make it possible to offer lower prices.	Correct! A larger customer base lets companies buy in bulk at the best possible prices and pass the savings on to consumers.

**Global Incorrect Feedback**

The correct answer is: Economies of scale make it possible to offer lower prices. A larger customer base lets companies buy in bulk at the best possible prices and pass the savings on to consumers.

**Question 25c of 25** ( 3 Economies of scale 221759 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why wholesalers can offer lower prices to larger customers?

	Choice	Feedback
*A.	Large companies can buy all or most of a wholesaler's stock, reducing the wholesaler's administrative costs.	Correct! The smaller number of transactions and negotiations that are required for doing business with a large company reduces the costs to wholesalers, enabling them to offer a lower price.
B.	Large companies are able to take advantage of increasing marginal utility to outbid smaller competitors.	
C.	Large companies can use the power of collective bargaining to give them an advantage over wholesalers.	
D.	Large companies are able to pay for the goods they purchase in cash, giving wholesaler's the possibility to invest in the stock market.	

**Global Incorrect Feedback**

The correct answer is: Large companies can buy all or most of a wholesaler's stock, reducing the wholesaler's administrative costs. The smaller number of transactions and negotiations that are required for doing business with a large company reduces the costs to wholesalers, enabling them to offer a lower price.

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PREVIEW

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## Quiz: Take It to the Bank

**Question 1a of 10** ( 2 Mediums of exchange 225789 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how a barter system works?

	Choice	Feedback
A.	Government planners issue commands to all producers.	
*B.	Goods and services are exchanged without the use of money.	Correct! A barter system involves the direct exchange of goods and services.
C.	Workers don't specialize in particular tasks in the productive process.	
D.	A central bank controls the kinds of monetary exchanges that take place.	

**Global Incorrect Feedback**

The correct answer is: Goods and services are exchanged without the use of money. A barter system involves the direct exchange of goods and services.

**Question 1b of 10** ( 2 Mediums of exchange 225790 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following involves the direct exchange of goods and services without the use of money as a medium of exchange?

	Choice	Feedback
*A.	A barter system	Correct! In a barter system, goods and services are exchanged without the use of money.
B.	A free-market system	
C.	A government-planned system	
D.	A fractional reserve banking system	

**Global Incorrect Feedback**

The correct answer is: A barter system. In a

barter system, goods and services are exchanged without the use of money.

**Question 1c of 10** ( 2 Mediums of exchange 225791 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains how the invention of money affected the barter system?

	Choice	Feedback
A.	The invention of money drastically reduced the value of goods used in the barter system	
B.	The invention of money had no effect on the barter system	
*C.	The invention of money supplemented the barter system by providing a nonperishable medium of exchange	Correct! Money is a more durable medium of exchange than most barter goods.
D.	The invention of money completely replaced the barter system with a free-market system	

**Global Incorrect Feedback**

The correct answer is: The invention of money supplemented the barter system by providing a nonperishable medium of exchange. Money is a more durable medium of exchange than most barter goods.

**Question 2a of 10** ( 2 Mediums of exchange 225792 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following pairs is most similar to each other?

	Choice	Feedback
A.	Commodity money and digital money	
B.	Barter goods and fiat money	
C.	Digital money and barter goods	
*D.	Fiat money and digital money	Correct! Digital money is a form of fiat money that only has value because it has been declared to have value.

**Global Incorrect Feedback**

The correct answer is: Fiat money and digital money. Digital money is a form of fiat money that only has value because it has been declared to have value.

**Question 2b of 10** ( 2 Mediums of exchange 225793 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following has no value except as a medium of exchange?

	Choice	Feedback
A.	Gold coins	
*B.	Fiat money	Correct! Fiat money only has value because the government declares that it has value.
C.	Barter goods	
D.	Commodity money	

**Global Incorrect Feedback**

The correct answer is: Fiat money. Fiat money only has value because the government declares that it has value.

**Question 2c of 10** ( 2 Mediums of exchange 225794 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a form of fiat money that is commonly used today?

	Choice	Feedback
*A.	Digital money	Correct! Digital money exists only as numbers transmitted from computer to computer, and these numbers only have value because the government declares that they do.
B.	Commodity money	
C.	Non-perishable money	
D.	Credit cards	

**Global Incorrect Feedback**

The correct answer is: Digital money. Digital

money exists only as numbers transmitted from computer to computer, and these numbers only have value because the government declares that they do.

**Question 3a of 10** ( 2 Mediums of exchange 225795 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the difference between fiat money and commodity money?

	Choice	Feedback
A.	Commodity money must be a precious metal that people will value because of its beauty and usefulness.	
B.	Commodity money is used in a barter system while fiat money is used in a free-market system.	
*C.	Commodity money can be used for some other purpose while fiat money can only be used as a medium of exchange.	Correct! Fiat money does not have any value in itself; it has value only as a medium of exchange.
D.	Commodity money has value because someone declares that it has value while fiat money has value in itself.	

**Global Incorrect Feedback**

The correct answer is: Commodity money can be used for some other purpose while fiat money can only be used as a medium of exchange. Fiat money does not have any value in itself; it has value only as a medium of exchange.

**Question 3b of 10** ( 2 Mediums of exchange 225796 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following most accurately explains why fiat money has value?

	Choice	Feedback
A.	Fiat money has value because it is a good that can be used for some purpose.	
*B.	Fiat money has value because the government	Correct! Fiat money does not have any

	declares that it has value.	value in itself; it has value only as a medium of exchange.
C.	Fiat money has value because it is a precious metal that people value in itself.	
D.	Fiat money has value because it allows people to barter for goods and services.	

**Global Incorrect Feedback**

The correct answer is: Fiat money has value because the government declares that it has value. Fiat money does not have any value in itself; it has value only as a medium of exchange.

**Question 3c of 10** ( 2 Mediums of exchange 225797 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following most accurately explains why commodity money has value?

	Choice	Feedback
A.	Commodity money must be a precious metal that people will value because of its beauty and usefulness.	
B.	Commodity money only has value because the government declares that it has value.	
C.	Commodity money only has value because it functions as an efficient medium of exchange.	
*D.	Commodity money is a good that can be used as a medium of exchange or for some other purpose.	Correct! Commodity money can function as either a useful good or as a medium of exchange.

**Global Incorrect Feedback**

The correct answer is: Commodity money is a good that can be used as a medium of exchange or for some other purpose. Commodity money can function as either a useful good or as a medium of exchange.

**Question 4a of 10** ( 1 Assets and liabilities 225798 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

**Question:**

Match the balance sheet entries on the left with their corresponding real-world features on the right.

Choice Text	Correct Match	Match Text
A. Asset	B.	Debt
B. Liability	C.	Equity
C. Net worth	A.	Property

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Asset: Property; Liability: Debt; Net worth: Equity.

---

### Question 4b of 10 ( 1 Assets and liabilities 225799 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each term with its correct definition.

Choice Text	Correct Match	Match Text
A. Assets	B.	What someone owes
B. Liabilities	A.	What someone owns
C. Balance sheet	C.	Statement of financial position

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Assets: What someone owns; Liabilities: What someone owes; Balance sheet: Statement of financial position.

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### Question 4c of 10 ( 1 Assets and liabilities 225800 )

**Maximum Attempts:** 1



**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each term below with its corresponding real-world example.

Choice Text	Correct Match	Match Text
A. Asset	A.	The jewelry someone owns
B. Liability	C.	A person's total financial value
C. Equity	B.	The amount of credit-card debt a person has

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Asset: The jewelry someone owns; Liability: The amount of credit card debt a person has; Equity: A person's total financial value.

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### Question 5a of 10 ( 2 Banking system 225801 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes a fractional reserve banking system?

	Choice	Feedback
A.	A banking system in which banks have only partial control over the interest rates they charge on loans.	
*B.	A banking system in which banks keep a portion of deposits on hand to satisfy their customer's demands for withdrawals.	Correct! In a fractional reserve banking system, banks are required to keep a certain amount of deposits on hand.
C.	A banking system in which a large portion of the bank's assets are digital money rather than bills and coins.	
D.	A banking system in which net worth is calculated by subtracting a fraction of liabilities from assets.	

Global Incorrect Feedback
The correct answer is: A banking system in which banks keep a portion of deposits on hand

to satisfy their customer's demands for withdrawals. In a fractional reserve banking system, banks are required to keep a certain amount of deposits on hand.

**Question 5b of 10** ( 2 Banking system 225802 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following explains why the government sets a required reserve ratio for private banks?

	Choice	Feedback
*A.	To make sure banks don't run out of money when customers make withdrawals.	Correct! The bank's reserves assure that the bank has enough money on hand to give to customers who want to make withdrawals.
B.	To allow the government to control the interest rate charged on loans.	
C.	To prevent banks from printing too much money and causing inflation.	
D.	To enable the regulation of risk levels in the decision process of offering loans.	

**Global Incorrect Feedback**

The correct answer is: To make sure banks don't run out of money when customers make withdrawals. The bank's reserves assure that the bank has enough money on hand to give to customers who want to make withdrawals.

**Question 5c of 10** ( 2 Banking system 225803 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following most accurately describes what banks do with their excess reserves?

	Choice	Feedback
A.	Banks invest excess reserves in the currency exchange market in order to stabilize their nation's currency.	
B.	Banks keep excess reserves on hand to meet customer's demands for withdrawals during a bank run.	

<b>*C.</b>	Banks use excess reserves to make loans to customers so that they can make profits on the interest.	Correct! Excess reserves are those assets above the required reserve ratio, which are assets that the bank is free to loan out.
<b>D.</b>	Banks spend excess reserves on expenses such as rent and salaries that are related to operating the bank.	

**Global Incorrect Feedback**

The correct answer is: Banks use excess reserves to make loans to customers so that they can make profits on the interest. Excess reserves are those assets above the required reserve ratio, which are assets that the bank is free to loan out.

**Question 6a of 10** ( 2 Banking system 225804 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes the purpose of the Federal Deposit Insurance Corporation (FDIC)?

	Choice	Feedback
<b>A.</b>	To manage the economy by controlling the money supply.	
<b>B.</b>	To set the required reserve ratio for banks in the United States.	
<b>C.</b>	To prevent the demand for withdrawals from rising above 10 percent.	
<b>*D.</b>	To make sure customers don't lose money if their bank fails.	Correct! The FDIC is an insurance company that pays customers if their bank fails.

**Global Incorrect Feedback**

The correct answer is: To make sure customers don't lose money if their bank fails. The FDIC is an insurance company that pays customers if their bank fails.

**Question 6b of 10** ( 2 Banking system 225805 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the purpose of the Federal

Reserve Bank?

	Choice	Feedback
*A.	The Federal Reserve Bank manages the U.S. economy by controlling the money supply.	Correct! The Federal Reserve uses monetary policy to smooth out the growth of the U.S. economy.
B.	The Federal Reserve insures deposits to make sure customers don't lose money if their bank fails.	
C.	The Federal Reserve assures a free-market system by preventing unnecessary government regulations.	
D.	The Federal Reserve regulates economic activity to prevent the demand for withdrawals from rising above 10 percent.	

**Global Incorrect Feedback**

The correct answer is: The Federal Reserve Bank manages the U.S. economy by controlling the money supply. The Federal Reserve uses monetary policy to smooth out the growth of the U.S. economy.

**Question 6c of 10** ( 2 Banking system 225806 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes how the Federal Reserve Bank helps banks during a bank run?

	Choice	Feedback
*A.	The Federal Reserve Bank can provide a short-term loan to banks to prevent them from running out of money.	Correct! The Fed has a large store of monetary reserves that can be used to make overnight loans to banks that are experiencing a high level of withdrawals.
B.	The Federal Reserve Bank acts as an insurance company that pays customers if their bank fails.	
C.	The Federal Reserve Bank has the power to take over a private bank if customers demand too many withdrawals.	
D.	The Federal Reserve Bank regulates exchanges to prevent the demand for withdrawals from rising above the required reserve ratio.	

**Global Incorrect Feedback**

The correct answer is: The Federal Reserve

Bank can provide a short-term loan to banks to prevent them from running out of money. The Fed has a large store of monetary reserves that can be used to make overnight loans to banks that are experiencing a high level of withdrawals.

**Question 7a of 10** ( 1 Banking system 225807 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes monetary policy?

	Choice	Feedback
A.	Regulating transactions in the currency exchange market	
B.	Raising and lowering the foreign exchange rate	
C.	Determining the design printed on the national currency	
*D.	Managing the economy by controlling the money supply	Correct! Monetary policy is used to prevent the economy from heating up too fast or slowing down quickly.

**Global Incorrect Feedback**

The correct answer is: Managing the economy by controlling the money supply. Monetary policy is used to prevent the economy from heating up too fast or slowing down quickly.

**Question 7b of 10** ( 1 Banking system 225808 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following government agencies is responsible for managing the money supply in the United States?

	Choice	Feedback
A.	The U.S. Mint	
B.	Congress	
*C.	The Federal Reserve Bank	Correct! The Fed sets the required reserve ratio and controls interest rates.
D.	The Department of the Treasury	

**Global Incorrect Feedback**

The correct answer is: The Federal Reserve Bank. The Fed sets the required reserve ratio and controls interest rates.

**Question 7c of 10** ( 1 Banking system 225809 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Monetary policy in the United States is carried out primarily by which of the following agencies?

	Choice	Feedback
A.	The Department of the Treasury	
B.	The U.S. Mint	
C.	The Small Business Association	
*D.	The Federal Reserve Bank	Correct! The Fed sets the required reserve ratio and controls interest rates.

**Global Incorrect Feedback**

The correct answer is: The Federal Reserve Bank. The Fed sets the required reserve ratio and controls interest rates.

**Question 8a of 10** ( 2 Banking system 225810 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the purpose of raising and lowering the required reserve ratio?

	Choice	Feedback
A.	To stimulate economic growth by making it less expensive for producers to get loans.	
*B.	To manage the economy by increasing or decreasing the amount of loans being made.	Correct! By raising and lowering the required reserve ratio, the Fed can increase or decrease the money supply, which enables the government to manage economic growth.
C.	To regulate the activity of private banks to assure an equitable distribution of wealth.	
D.	To make sure that government spending does not result in either a surplus or deficit.	

**Global Incorrect Feedback**

The correct answer is: To manage the economy by increasing or decreasing the amount of loans being made. By raising and lowering the required reserve ratio, the Fed can increase or decrease the money supply, which enables the government to manage economic growth.

**Question 8b of 10** ( 2 Banking system 225811 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains why raising the discount rate affects the money supply?

	Choice	Feedback
A.	When the discount rate is high, banks have less incentive to give loans because they make less profit on these loans.	
B.	When the discount rate is high, banks can loan out a larger portion of their reserves.	
*C.	When the discount rate is high, banks keep more reserves on hand to avoid paying a lot to borrow from the Fed.	Correct! With a high discount rate, banks are taking a bigger risk by loaning out a lot of their reserves, so they generally keep more than the required reserve ratio to minimize their risk.
D.	When the discount rate is high, banks are able to charge lower interest rates so that more people can afford to take loans.	

**Global Incorrect Feedback**

The correct answer is: When the discount rate is high, banks keep more reserves on hand to avoid paying a lot to borrow from the Fed. With a high discount rate, banks are taking a bigger risk by loaning out a lot of their reserves, so they generally keep more than the required reserve ratio to minimize their risk.

**Question 8c of 10** ( 2 Banking system 225812 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains why raising the required reserve ratio results in a decrease in the money supply?

	Choice	Feedback
A.	When the required reserve ratio is high, banks have less incentive to give loans because they make less profit on these loans.	
B.	When the required reserve ratio is high, the inflation rate goes up and people spend less money.	
*C.	When the required reserve ratio is high, banks must loan out a smaller portion of their reserves, resulting in fewer loans.	Correct! When banks aren't able to loan out as much money, there is less money in circulation.
D.	When the required reserve ratio is high, banks charge higher interest rates that make loans less affordable to many people.	

**Global Incorrect Feedback**

The correct answer is: When the required reserve ratio is high, banks must loan out a smaller portion of their reserves, resulting in fewer loans. When banks aren't able to loan out as much money, there is less money in circulation.

**Question 9a of 10** ( 2 Treasury bonds 225813 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why Treasury bonds have an effect on the size of the money supply?

	Choice	Feedback
*A.	The Federal Reserve Bank can buy and sell these bonds to raise or lower bank deposits.	Correct! By buying and selling Treasury bonds, the Fed can affect the amount of bank deposits, which influences the amount of loans that are able to be made.
B.	The amount of Treasury bonds in circulation affects both unemployment and inflation.	
C.	The government can spend more money and charge lower taxes by using Treasury bonds.	
D.	The interest paid on Treasury bonds influences the interest rates charged by private banks.	

**Global Incorrect Feedback**

The correct answer is: The Federal Reserve Bank can buy and sell these bonds to raise or lower bank deposits. By buying and selling Treasury bonds, the Fed can affect the amount



of bank deposits, which influences the amount of loans that are able to be made.

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**Question 9b of 10** ( 2 Treasury bonds 225814 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the use of open market operations to influence the money supply?

	Choice	Feedback
A.	The government spends more money and charges lower taxes.	
*B.	The Fed buys and sells Treasury bonds in the bond market.	Correct! The Federal Reserve Bank can buy and sell Treasury bonds to raise or lower bank deposits.
C.	Private banks raise and lower interest rates charged to customers.	
D.	Currency speculators make profits by exchanging foreign money.	

**Global Incorrect Feedback**

The correct answer is: The Fed buys and sells Treasury bonds in the bond market. The Federal Reserve Bank can buy and sell Treasury bonds to raise or lower bank deposits.

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**Question 9c of 10** ( 2 Treasury bonds 225815 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains why the money supply is increased when the Fed buys Treasury bonds?

	Choice	Feedback
A.	When the Fed buys Treasury bonds, the available supply of bonds decreases, which drives up bond prices.	
B.	When the Fed buys Treasury bonds, there are more bonds on reserve to enable overnight loans.	
C.	When the Fed buys Treasury bonds, the demand for bond purchases and for money in general is increased.	

<b>*D.</b>	When the Fed buys Treasury bonds, it increases the amount of deposits in people's bank accounts.	Correct! When the Fed adds money to someone's bank balance, it is adding money to the money supply.
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**Global Incorrect Feedback**

The correct answer is: When the Fed buys Treasury bonds, it increases the amount of deposits in people's bank accounts. When the Fed adds money to someone's bank balance, it is adding money to the money supply.

**Question 10a of 10** ( 3 Treasury bonds 225816 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** Which of the following actions is most likely to result in a decrease in the money supply?

	Choice	Feedback
<b>A.</b>	The Federal Reserve Bank buys Treasury bonds.	
<b>*B.</b>	The government sells a new batch of Treasury bonds.	Correct! By selling bonds, the government will take money out of circulation.
<b>C.</b>	The required reserve ratio for banks is decreased.	
<b>D.</b>	The discount rate on overnight loans is lowered.	

**Global Incorrect Feedback**

The correct answer is: The government sells a new batch of Treasury bonds. By selling bonds, the government will take money out of circulation.

**Question 10b of 10** ( 3 Treasury bonds 225817 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** Which of the following actions is most likely to result in an increase in the money supply?

	Choice	Feedback
<b>A.</b>	The required reserve ratio for banks is increased.	

B.	The inflation rate is reported at an all-time low.	
*C.	The discount rate on overnight loans is lowered.	Correct! By lowering the discount rate, banks are more likely to loan out money, which increases the money supply.
D.	The government sells a new batch of Treasury bonds.	

**Global Incorrect Feedback**

The correct answer is: The discount rate on overnight loans is lowered. By lowering the discount rate, banks are more likely to loan out money, which increases the money supply.

**Question 10c of 10** ( 3 Treasury bonds 225818 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following actions is most likely to result in an increase in the money supply?

	Choice	Feedback
*A.	The Fed buys millions of dollars in Treasury bonds.	Correct! By buying Treasury bonds, the Fed increases the amount of money deposited in people's bank accounts, which increases the money supply.
B.	The discount rate on overnight loans is raised.	
C.	The unemployment rate is reported to be rising.	
D.	The required reserve ratio for banks is doubled.	

**Global Incorrect Feedback**

The correct answer is: The Fed buys millions of dollars in Treasury bonds. By buying Treasury bonds, the Fed increases the amount of money deposited in people's bank accounts, which increases the money supply.

PREVIEW

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## Quiz: The Stock Market

**Question 1a of 10** ( 2 Investing in the stock market 226130 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of the following best describes the purpose of making an investment?

	Choice	Feedback
A.	To keep the money supply growing	
*B.	To use money to make more money	Correct! Investments use money to make a profit by providing that money to a profit-making business.
C.	To have control over economic activity	
D.	To increase profits by paying higher wages	

**Global Incorrect Feedback**

The correct answer is: To use money to make more money. Investments use money to make a profit by providing that money to a profit-making business.

**Question 1b of 10** ( 2 Investing in the stock market 226131 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of the following is an example of an investment?

	Choice	Feedback
A.	Getting a partner to contribute to a business	
B.	Receiving a loan from a bank	
*C.	Buying shares in a company	Correct! When a person buys shares in a company, they are investing in the company's activities in hopes of making a profit.
D.	Following the rise and fall of the stock market	

**Global Incorrect Feedback**

The correct answer is: Buying shares in a company. When a person buys shares in a

company, they are investing in the company's activities in hopes of making a profit.

**Question 1c of 10** ( 2 Investing in the stock market 226132 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes how an investment is made?

	Choice	Feedback
*A.	Putting money into an asset	Correct! By putting money into an asset, investors hope to make a profit as the asset grows.
B.	Selling labor for wages	
C.	Selling shares in a public corporation	
D.	Turning commodity money into fiat money	

**Global Incorrect Feedback**

The correct answer is: Putting money into an asset. By putting money into an asset, investors hope to make a profit as the asset grows.

**Question 2a of 10** ( 1 Investing in the stock market 226134 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a stockholder's share of a company's profits?

	Choice	Feedback
A.	Utility	
B.	Certificates	
C.	Revenue	
*D.	Dividends	Correct! A dividend is paid on each share of stock based on the company's overall profits.

**Global Incorrect Feedback**

The correct answer is: Dividends. A dividend is paid on each share of stock based on the company's overall profits.

### Question 2b of 10 ( 1 Investing in the stock market 226135 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes a dividend?

	Choice	Feedback
A.	The percentage ownership of a corporation	
*B.	A share of a company's profit paid to each stockholder	Correct! A dividend is paid on each share of stock based on the company's overall profits.
C.	The difference between costs and revenues	
D.	The increase in a person's investment	

#### Global Incorrect Feedback

The correct answer is: A share of a company's profit paid to each stockholder. A dividend is paid on each share of stock based on the company's overall profits.

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### Question 2c of 10 ( 1 Investing in the stock market 226136 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes a capital gain?

	Choice	Feedback
*A.	An increase in the value of an investment	Correct! When someone's investment increases, they realize a capital gain.
B.	An upward trend in prices	
C.	A rise in the standard of living	
D.	The difference between costs and revenues	

#### Global Incorrect Feedback

The correct answer is: An increase in the value of an investment. When someone's investment increases, they realize a capital gain.

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### Question 3a of 10 ( 2 Investing in the stock market 226137 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of the following most accurately describes one of the powers of stockholders?

	Choice	Feedback
A.	Stockholders determine the size of dividends paid to investors.	
B.	Stockholders manage the daily business of a company.	
*C.	Stockholders can sell their shares in the company at any time.	Correct! Stockholders don't have much direct power over the operations of a company, but they can sell their share of ownership at will.
D.	Stockholders are given discounts on the company's products.	

**Global Incorrect Feedback**

The correct answer is: Stockholders can sell their shares in the company at any time. Stockholders don't have much direct power over the operations of a company, but they can sell their share of ownership at will.

**Question 3b of 10** ( 2 Investing in the stock market 226138 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following most accurately states one of the risks of being a stockholder?

	Choice	Feedback
A.	Stockholders can go deeply into debt if the company goes into debt.	
B.	Stockholders don't get any voice in the running of the company.	
C.	Stockholders must pay all of their dividends to the government.	
*D.	Stockholders aren't guaranteed a return on their investment.	Correct! Stockholders only get a return on their investment if the company makes a profit or the price of the stock goes up.

**Global Incorrect Feedback**

The correct answer is: Stockholders aren't guaranteed a return on their investment. Stockholders only get a return on their investment if the company makes a profit or the price of the stock goes up.

### Question 3c of 10 ( 2 Investing in the stock market 226139 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following represents the most direct power that stockholders have over the operations of a company?

	Choice	Feedback
A.	Stockholders can sell their shares at any time for any price.	
*B.	Stockholders can vote for the members of the board of directors.	Correct! Although stockholders can sell their shares if they're not pleased with the way the company is run, their more direct power is over the membership of the board of directors, which runs the company on a daily basis.
C.	Stockholders can request a review of the company's practices.	
D.	Stockholders can determine the prices of the company's products.	

#### Global Incorrect Feedback

The correct answer is: Stockholders can vote for the members of the board of directors. Although stockholders can sell their shares if they're not pleased with the way the company is run, their more direct power is over the membership of the board of directors, which runs the company on a daily basis.

### Question 4a of 10 ( 3 Stock offering 226140 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a disadvantage of offering the sale of shares in a company?

	Choice	Feedback
A.	The company must disclose details about its finances.	
*B.	The company can increase its capital without going into debt.	Correct! By selling stock, a company can raise money without having to take a loan.
C.	The management loses some control over the operation of the business.	



D.	The government has more restrictions over a publicly owned company.	
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**Global Incorrect Feedback**

The correct answer is: The company can increase its capital without going into debt. By selling stock, a company can raise money without having to take a loan.

**Question 4b of 10** ( 3 Stock offering 226141 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an advantage a company enjoys by offering shares for sale in a stock market?

	Choice	Feedback
A.	The management gains more power over the operation of the business.	
B.	Administrative costs are decreased by the existence of shareholders.	
*C.	The company can increase its capital without going into debt.	Correct! By selling stock, a company can raise money without having to take a loan.
D.	The government relaxes its restrictions when a company is publicly owned.	

**Global Incorrect Feedback**

The correct answer is: The company can increase its capital without going into debt. By selling stock, a company can raise money without having to take a loan.

**Question 4c of 10** ( 3 Stock offering 226142 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one of the requirements that a company must meet when it begins to sell shares in a stock market?

	Choice	Feedback
A.	The company must first pay off all of its creditors.	
*B.	The company must disclose details about its	Correct! A publicly traded company is

	finances.	required to make financial information available to the public so that informed stock-buying decisions can be made.
C.	The company must pay a tax on each share sold.	
D.	The company must hire more lawyers.	

**Global Incorrect Feedback**

The correct answer is: The company must disclose details about its finances. A publicly traded company is required to make financial information available to the public so that informed stock-buying decisions can be made.

**Question 5a of 10** ( 1 Stock offering 226143 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following most accurately describes the difference between common stock and preferred stock?

	Choice	Feedback
A.	Preferred stock has a higher value at the initial public offering	
B.	Preferred stock can only be bought and sold by a stockbroker	
*C.	Preferred stock pays out earnings at fixed, regular dividends	Correct! The owners of a preferred stock receive guaranteed dividend payments while common stock owners get dividends that vary from quarter to quarter.
D.	Preferred stock pays a higher percentage of profits as dividends	

**Global Incorrect Feedback**

The correct answer is: Preferred stock pays out earnings at fixed, regular dividends. The owners of a preferred stock receive guaranteed dividend payments while common stock owners get dividends that vary from quarter to quarter.

**Question 5b of 10** ( 1 Stock offering 226144 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of the following accurately describes how market capitalization is determined?

	Choice	Feedback
*A.	The number of shares is multiplied by the price of each share	Correct! Market capitalization is the stock market value of the company.
B.	The annual profits are divided among all stockholders	
C.	The total value of all of the company's assets is calculated	
D.	The trading volume of a stock is divided by the number of shareholders	

**Global Incorrect Feedback**

The correct answer is: The number of shares is multiplied by the price of each share. Market capitalization is the stock market value of the company.

**Question 5c of 10** ( 1 Stock offering 226145 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following has the highest level of security?

	Choice	Feedback
A.	The ownership of a private corporation	
B.	The ownership of common stock	
C.	The ownership of a sole proprietorship	
*D.	The ownership of preferred stock	Correct! Companies with preferred stock are very secure investments.

**Global Incorrect Feedback**

The correct answer is: The ownership of preferred stock. Companies with preferred stock are very secure investments.

**Question 6a of 10** ( 1 Market trends 226146 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each term below with its corresponding stock market activity.

Choice Text	Correct	Match Text
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	Match	
A. A crash	B.	Stock prices are higher than their real value.
B. A bubble	A.	There's a major decrease in stock prices.
C. Bull market	C.	There's a general upward trend in stock prices.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: A crash: There's a major decrease in stock prices; A bubble: Stock prices are higher than their real value; Bull market: There's a general upward trend in stock prices.

### Question 6b of 10 ( 1 Market trends 226147 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each term below with its correct definition.

Choice Text	Correct Match	Match Text
A. A crash	A.	A major decrease in stock prices.
B. Bear market	C.	A general upward trend in stock prices.
C. Bull market	B.	A general downward trend in stock prices.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: A crash: A major decrease in stock prices; Bear market: A general downward trend in stock prices; Bull market: A general upward trend in stock prices.

### Question 6c of 10 ( 1 Market trends 226148 )

Maximum Attempts: 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each term below with its correct definition.

Choice Text	Correct Match	Match Text
A. A Bubble	A.	Stock prices are higher than their real value.
B. Bull market	C.	A general downward trend in stock prices.
C. Bear market	B.	A general upward trend in stock prices.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: A bubble: Stock prices are higher than their real value; Bull market: A general upward trend in stock prices; Bear market: A general downward trend in stock prices.

---

### Question 7a of 10 ( 2 Investing in the stock market 226149 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following most accurately describes the difference between a discount broker and a full-service broker?

	Choice	Feedback
A.	Discount brokers pay taxes on a smaller percentage of their earnings	
B.	Discount brokers get reduced prices on shares for their larger customers	
*C.	Discount brokers don't give investment advice or do stock market analysis	Correct! Discount brokers often charge less because all they do is handle buying and selling.
D.	Discount brokers can only buy and sell common stocks	

Global Incorrect Feedback
The correct answer is: Discount brokers don't give investment advice or do stock market analysis. Discount brokers often charge less because all they do is handle buying and selling.

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**Question 7b of 10** ( 2 Investing in the stock market 226150 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following accurately describes what makes a full-service broker full-service?

	Choice	Feedback
A.	Full-service brokers work for both investors and companies seeking investors	
B.	Full-service brokers can buy and sell in both primary and secondary markets	
*C.	Full-service brokers provide advice in addition to buying and selling stocks	Correct! Full-service brokers often charge more because they do stock market analysis in order to be able to advise their clients on good stock purchases.
D.	Full-service brokers help their clients manage the operations of the companies they own	

**Global Incorrect Feedback**

The correct answer is: Full-service brokers provide advice in addition to buying and selling stocks. Full-service brokers often charge more because they do stock market analysis in order to be able to advise their clients on good stock purchases.

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**Question 7c of 10** ( 2 Investing in the stock market 226151 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following most accurately describes the difference between a stock exchange and an over-the-counter market?

	Choice	Feedback
A.	An over-the-counter market does not give investors a chance to make trades directly	
B.	An over-the-counter market excludes stockbrokers from participation	
C.	An over-the-counter market does not involve competitive bidding among buyers	
*D.	An over-the-counter market does not take place in a centralized exchange place	Correct! Over-the-counter markets use a network of computers rather than a centralized market.

**Global Incorrect Feedback**

The correct answer is: An over-the-counter market does not take place in a centralized exchange place. Over-the-counter markets use a network of computers rather than a centralized market.

**Question 8a of 10** ( 2 Investing in the stock market 226152 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following statements best describes how investors behave when engaged in socially responsible investing?

	Choice	Feedback
A.	They give a large percentage of their earnings to charities	
*B.	They invest in companies with a business model and social mission that they support	Correct! Individual investors decide what they think is socially responsible, but they consider the company's practices when they make decisions.
C.	They attempt to maximize profits for society instead of for individuals	
D.	They vote for a board of directors that will behave legally and ethically	

**Global Incorrect Feedback**

The correct answer is: They invest in companies with a business model and social mission that they support. Individual investors decide what they think is socially responsible, but they consider the company's practices when they make decisions.

**Question 8b of 10** ( 2 Investing in the stock market 226153 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: People who invest in companies with a business model and social mission that they support are engaged in which of the following?

	Choice	Feedback
*A.	Socially responsible investing	Correct! Individual investors decide what they think is socially responsible, but they consider the company's practices when

		they make decisions.
B.	Decreasing marginal utility	
C.	Cost-benefit analysis	
D.	Profit-maximization	

**Global Incorrect Feedback**

The correct answer is: Socially responsible investing. Individual investors decide what they think is socially responsible, but they consider the company's practices when they make decisions.

**Question 8c of 10** ( 2 Investing in the stock market 226154 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a goal that an investor could be pursuing when selecting stocks to buy?

	Choice	Feedback
A.	Supporting ethical companies	
B.	Making a steady income	
*C.	Increasing a company's market capitalization	Correct! Investors can't singlehandedly increase the market value of a company.
D.	Getting as high a return as possible	

**Global Incorrect Feedback**

The correct answer is: Increasing a company's market capitalization. Investors can't singlehandedly increase the market value of a company.

**Question 9a of 10** ( 1 Market trends 226155 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: bull

Question: A \_\_\_\_\_ market is when there's a rise or expected rise in stock prices across the entire stock market.

Attempt	Incorrect Feedback
---------	--------------------



1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: bull.

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### Question 9b of 10 ( 1 Market trends 226156 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** bear

**Question:** A \_\_\_\_\_ market is when there's a decline or expected decline in stock prices across the entire stock market.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: bear.

---

### Question 9c of 10 ( 1 Market trends 226157 )

**Maximum Attempts:** 1

**Question Type:** Text Fill In Blank

**Maximum Score:** 2

**Is Case Sensitive:** false

**Correct Answer:** herd

**Question:** Many market trends are intensified by a \_\_\_\_\_ instinct among investors.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>

	The correct answer is: herd.
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### Question 10a of 10 ( 1 Market trends 226159 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which kind of stock market analysis focuses on overall trends in the market?

	Choice	Feedback
A.	Fundamental analysis	
B.	Marginal analysis	
C.	Cost-benefit analysis	
*D.	Technical analysis	Correct! Technical analysis places the value of a particular stock in the context of the entire market.

<b>Global Incorrect Feedback</b>
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The correct answer is: Technical analysis. Technical analysis places the value of a particular stock in the context of the entire market.
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### Question 10b of 10 ( 1 Market trends 226160 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which kind of stock market analysis focuses on the a company's traits such as revenues and earnings per share?

	Choice	Feedback
A.	Marginal analysis	
*B.	Fundamental analysis	Correct! A company's fundamentals are what make it a strong performer in the business world.
C.	Technical analysis	
D.	Cost-benefit analysis	

<b>Global Incorrect Feedback</b>
----------------------------------

The correct answer is: Fundamental analysis. A company's fundamentals are what make it a strong performer in the business world.
--

### Question 10c of 10 ( 1 Market trends 226161 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does someone using fundamentals analysis look at when analyzing a particular stock?

	Choice	Feedback
A.	How socially responsible the company's practices are	
B.	Overall trends in the market such as bull and bear markets	
*C.	A company's traits such as revenues and earnings per share	Correct! A company's fundamentals are what make it a strong performer in the business world.
D.	The difference between earnings and interest rates	

#### Global Incorrect Feedback

The correct answer is: A company's traits such as revenues and earnings per share. A company's fundamentals are what make it a strong performer in the business world.

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PREVIEW

CLOSE

Quiz: More Markets

**Question 1a of 10** ( 1 Markets 226456 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When a market is volatile, it is described by which of the following?

	Choice	Feedback
A.	Remains stable over a long period of time.	
B.	Provides specialized goods and services.	
*C.	Changes quickly and to great extremes.	Correct! Prices in a volatile market go up and down very quickly.
D.	Has an overall trend of gradually increasing prices.	

**Global Incorrect Feedback**

The correct answer is: Changes quickly and to great extremes. Prices in a volatile market go up and down very quickly.

**Question 1b of 10** ( 1 Markets 226457 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The level of volatility in a market measures which of the following?

	Choice	Feedback
A.	How much interest is required to buy in that market.	
*B.	How quickly prices go up and down in that market.	Correct! Prices in a volatile market go up and down very quickly.
C.	How useful the products are that are sold in that market.	
D.	How much profit investors expect to make in that market.	

**Global Incorrect Feedback**

The correct answer is: How quickly prices go up and down in that market. Prices in a volatile market go up and down very quickly.

**Question 1c of 10** ( 1 Markets 226458 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The commodity market is which of the following?

	Choice	Feedback
A.	Secondary market	
B.	Bear market	
C.	Bull market	
*D.	Volatile market	Correct! Prices go up and down quickly in the commodity market.

Global Incorrect Feedback
The correct answer is: Volatile market. Prices go up and down quickly in the commodity market.

**Question 2a of 10** ( 3 Markets 226459 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the products below with the type of market in which they are sold.

Choice Text	Correct Match	Match Text
A. Apples and oranges	B.	Currency exchange market
B. British pounds	C.	Stock market
C. Shares of a corporation	A.	Commodity market

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Apples and oranges: Commodity market; British pounds: Currency exchange market; Shares of a corporation: Stock market.

### Question 2b of 10 ( 3 Markets 226460 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the products below with the type of market in which they are sold.

Choice Text	Correct Match	Match Text
A. Oil	A.	Commodity market
B. Dollars	C.	Bond market
C. Treasuries	B.	Currency exchange market

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Oil: Commodity market; Dollars: Currency exchange market; Treasuries: Bond market.

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### Question 2c of 10 ( 3 Markets 226461 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match the products below with the type of market in which they are sold.

Choice Text	Correct Match	Match Text
A. Corn and wheat	A.	Commodity market
B. Pesos and yen	C.	Bond market
C. Munis and Treasuries	B.	Currency exchange market

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback

	The correct answers are: Corn and wheat: Commodity market; Pesos and yen: Currency exchange market; Monies and Treasuries: Bond market.
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### Question 3a of 10 ( 2 Markets 226462 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In economics, a commodity is defined as which of the following?

	Choice	Feedback
A.	An input required for production.	
B.	Something that is valued as money.	
C.	An extremely rare good or service.	
*D.	A primary product like oil or coffee.	Correct! Commodities are raw, unprocessed goods that are used to make other goods.

<b>Global Incorrect Feedback</b>
----------------------------------

The correct answer is: A primary product like oil or coffee. Commodities are raw, unprocessed goods that are used to make other goods.
--

### Question 3b of 10 ( 2 Markets 226463 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following must be true in order for a good to be considered for sale in the commodity market?

	Choice	Feedback
A.	It's necessary for the productive process.	
*B.	It's in a raw state and uniform across all producers.	Correct! Commodities are unprocessed goods.
C.	It does not have decreasing marginal utility.	
D.	It's a specialty product available from only a few producers.	

<b>Global Incorrect Feedback</b>
----------------------------------

The correct answer is: It's in a raw state and uniform across all producers. Commodities are unprocessed goods.
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**Question 3c of 10** ( 2 Markets 226464 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a commodity?

	Choice	Feedback
*A.	Corn dogs	Correct! A corn dog is processed, so it is not a commodity.
B.	Crude oil	
C.	Cocoa	
D.	Coffee	

**Global Incorrect Feedback**

The correct answer is: Corn dogs. A corn dog is processed, so it is not a commodity.

---

**Question 4a of 10** ( 1 Investments 226465 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains what a futures contract is?

	Choice	Feedback
*A.	A contract setting the price and date for a commodity purchase.	Correct! A futures contract obligates the parties to engage in a transaction at some later time, usually when the commodity is available for purchase.
B.	A contract preventing the future sale or exchange of a particular good.	
C.	A contract setting the price for the exchange of two foreign currencies.	
D.	A contract limiting the future liability of one set of partners if a business fails.	

**Global Incorrect Feedback**

The correct answer is: A contract setting the price and date for a commodity purchase. A futures contract obligates the parties to engage in a transaction at some later time, usually when the commodity is available for purchase.

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### Question 4b of 10 ( 1 Investments 226466 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why commodity futures contracts are transferable?

	Choice	Feedback
A.	They can be renegotiated at a future time in case the commodity isn't available.	
*B.	They can be bought and sold but the obligation in the contract remains valid.	Correct! When a contract is transferable, the terms of the original contract remain in force even if the original parties sell the contract to someone else.
C.	They can be turned into either forward contracts or currency-exchange contracts.	
D.	They can be redeemed with the government for their equivalent value in bonds.	

#### Global Incorrect Feedback

The correct answer is: They can be bought and sold but the obligation in the contract remains valid. When a contract is transferable, the terms of the original contract remain in force even if the original parties sell the contract to someone else.

### Question 4c of 10 ( 1 Investments 226467 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains what a forward contract is?

	Choice	Feedback
*A.	A contract to deliver a particular commodity to a buyer sometime in the future.	Correct! A forward contract obligates the parties to engage in a transaction at some later time, usually when the commodity is available for purchase.
B.	A contract setting a specific price for the exchange of two foreign currencies.	
C.	A contract limiting the future liability of one set of partners if a business fails.	
D.	A contract obligating two parties to split payment for a service from a third party.	

#### Global Incorrect Feedback

The correct answer is: A contract to deliver a particular commodity to a buyer sometime in the future. A forward contract obligates the parties to engage in a transaction at some later time, usually when the commodity is available for purchase.

### Question 5a of 10 ( 2 Investments 226468 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains why a bondholder is similar to a bank?

	Choice	Feedback
A.	Bondholders take deposits and issue withdrawals just as banks do.	
B.	Bondholders determine the risk level of bonds just as banks determine the risk level of loans.	
*C.	Bondholders loan money to bond issuers just as banks loan money to customers.	Correct! Issuing a bond is similar to taking a loan.
D.	Bondholders keep some of their assets in reserve just as banks do.	

#### Global Incorrect Feedback

The correct answer is: Bondholders loan money to bond issuers just as banks loan money to customers. Issuing a bond is similar to taking a loan.

### Question 5b of 10 ( 2 Investments 226469 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains what happens when a company or government issues bonds?

	Choice	Feedback
A.	The company or government pays bondholders to provide a specific good or service.	
*B.	The company or government goes into debt to those who purchase the bonds.	Correct! Unlike stocks, which sell equity, bonds are a form of debt.
C.	The company or government sells a partial interest in its enterprise to bondholders.	

D.	The company or government can spend money that doesn't yet exist.	
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**Global Incorrect Feedback**

The correct answer is: The company or government goes into debt to those who purchase the bonds. Unlike stocks, which sell equity, bonds are a form of debt.

**Question 5c of 10** ( 2 Investments 226470 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains the purpose of issuing a bond?

	Choice	Feedback
A.	To stabilize a currency.	
*B.	To raise money.	Correct! When a company or government issues a bond, they are going into debt to bondholders in order to raise money.
C.	To manage an economy.	
D.	To help consumers purchase services.	

**Global Incorrect Feedback**

The correct answer is: To raise money. When a company or government issues a bond, they are going into debt to bondholders in order to raise money.

**Question 6a of 10** ( 2 Investments 226471 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Order the bond types below from lowest to highest risk of default.

**Correct Answer:**

1. U.S. Treasury bonds
2. Corporate bonds
3. Junk bonds

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! Government bonds have the lowest risk of default while junk bonds have the highest.
	<b>Global Incorrect Feedback</b>
	The correct answers are: 1. U.S. Treasury bonds; 2. Corporate bonds; 3. Junk bonds. Government bonds have the lowest risk of default while junk bonds have the highest.

### Question 6b of 10 ( 2 Investments 226472 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Order the bond types below from lowest to highest yield.

**Correct Answer:**

1. U.S. Treasury bonds
2. Corporate bonds
3. Junk bonds

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! Government bonds have the lowest yields but the lowest risk of default while junk bonds have the highest yields but also the highest risk of default.

	<b>Global Incorrect Feedback</b>
	The correct answers are: 1. U.S. Treasury bonds; 2. Corporate bonds; 3. Junk bonds. Government bonds have the lowest yields but the lowest risk of default while junk bonds have the highest yields but also the highest risk of default.

### Question 6c of 10 ( 2 Investments 226473 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Order the events in the life of a bond from earliest to latest.

**Correct Answer:**

1. Bond issue
2. Coupon payment
3. Bond maturity

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Bonds are first issued, then interest payments are made when coupons are redeemed, and finally the bond matures, which is when the balance of the bond is paid.

	Global Incorrect Feedback
	The correct answers are: 1. Bond issue; 2. Coupon Payment; 3. Bond maturity. Bonds are first issued, then interest payments are made when coupons are redeemed, and finally the bond matures, which is when the balance of the bond is paid.

**Question 7a of 10** ( 2 Currency exchange 226474 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains what happens in the currency exchange market?

	Choice	Feedback
A.	Banks redeem bonds for various types of foreign currency.	
B.	Immigrants exchange their wages for usable money.	
*C.	Money is bought and sold using other types of money.	Correct! The currency exchange market is where foreign monies are bought and sold.
D.	Central banks set the exchange rate for different currencies.	

**Global Incorrect Feedback**

The correct answer is: Money is bought and sold using other types of money. The currency exchange market is where foreign monies are bought and sold.

### Question 7b of 10 ( 2 Currency exchange 226475 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes what is done with foreign currency in the currency exchange market?

	Choice	Feedback
A.	Traded for imported goods and services.	
*B.	Bought and sold using different foreign currencies.	Correct! The currency exchange market is where money is bought and sold using other types of money.
C.	Taxed by the U.S. Treasury Department.	
D.	Used to pay for foreign governments' bond issues.	

#### Global Incorrect Feedback

The correct answer is: Bought and sold using different foreign currencies. The currency exchange market is where money is bought and sold using other types of money.

### Question 7c of 10 ( 2 Currency exchange 226476 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes the process of currency exchange?

	Choice	Feedback
A.	Goods and services are bought using money from any foreign country.	
B.	Bartered goods are converted into a durable medium of exchange.	
C.	Stocks and bonds are redeemed for either commodity or fiat money.	
*D.	Money from one country is bought using money from another country.	Correct! The currency exchange market is where foreign monies are bought and sold.

#### Global Incorrect Feedback

The correct answer is: Money from one country is bought using money from another country. The currency exchange market is where foreign monies are bought and sold.

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**Question 8a of 10** ( 3 Currency exchange 226477 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately explains what an exchange rate of 1 to 6 between U.S. dollars and Egyptian pounds means?

	Choice	Feedback
A.	The GDP of the United States is six times larger than the GDP of Egypt.	
B.	It takes six U.S. dollars to buy one Egyptian pound.	
*C.	One U.S. dollar will buy six Egyptian pounds.	Correct! The exchange rate tells how much of one currency it takes to buy another currency.
D.	For every one U.S. dollar in circulation there are six Egyptian pounds.	

**Global Incorrect Feedback**

The correct answer is: One U.S. dollar will buy six Egyptian pounds. The exchange rate tells how much of one currency it takes to buy another currency.

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**Question 8b of 10** ( 3 Currency exchange 226478 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: If the exchange rate between British pounds and U.S. dollars is 1 to 1.5, which of the following is true?

	Choice	Feedback
A.	One U.S. dollar will buy 1.5 British pounds.	
*B.	It takes \$1.50 to buy one British pound.	Correct! The exchange rate tells how much of one currency it takes to buy another currency.
C.	The GDP of the United States is 1.5 times larger than the GDP of Britain.	
D.	The U.S. money supply is 1.5 times the size of the British money supply.	

**Global Incorrect Feedback**

The correct answer is: It takes \$1.50 to buy one

British pound. The exchange rate tells how much of one currency it takes to buy another currency.

**Question 8c of 10** ( 3 Currency exchange 226479 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: If the exchange rate between the European euro and the U.S. dollar is 1 to 1.2, which of the following is true?

	Choice	Feedback
A.	A \$5 item costs half as much in euros.	
B.	A \$5 item costs more than five euros.	
*C.	A \$5 item costs less than five euros.	Correct! When each euro buys more than one dollar, the euro price of any item is a smaller number than the dollar price.
D.	A \$5 item costs twice as much in euros.	

**Global Incorrect Feedback**

The correct answer is: A \$5 item costs less than five euros. When each euro buys more than one dollar, the euro price of any item is a smaller number than the dollar price.

**Question 9a of 10** ( 2 Currency exchange 226480 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains the difference between a fixed currency and a floating currency?

	Choice	Feedback
A.	The amount of goods that a floating currency will buy changes while the amount of goods a fixed currency will buy is established by the government.	
B.	The value of a floating currency fluctuates wildly while the value of a fixed currency changes only slightly.	
C.	The exchange rate for a floating currency is determined by the price of gold while the exchange rate for a fixed currency never changes.	



<b>*D.</b>	The price of a floating currency is determined by the currency exchange market while the price of a fixed currency is connected to the price of some other commodity.	Correct! The exchange rate of floating currencies is determined by the free market.
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<b>Global Incorrect Feedback</b>
The correct answer is: The price of a floating currency is determined by the currency exchange market while the price of a fixed currency is connected to the price of some other commodity. The exchange rate of floating currencies is determined by the free market.

**Question 9b of 10** ( 2 Currency exchange 226481 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best explains what happens when a currency is pegged to the U.S. dollar?

	Choice	Feedback
<b>*A.</b>	The value of the pegged currency goes up and down depending on the exchange rate of the U.S. dollar.	Correct! Pegging a currency to the U.S. dollar gives that currency the same stability as the U.S. dollar, keeping its exchange rate from fluctuating too wildly.
<b>B.</b>	The exchange rate for the pegged currency is exactly the same as the exchange rate of the U.S. dollar.	
<b>C.</b>	The pegged currency can be used interchangeably with U.S. dollars to purchase goods and services.	
<b>D.</b>	The U.S. Treasury gets to determine the exchange rate between U.S. dollars and the pegged currency.	

<b>Global Incorrect Feedback</b>
The correct answer is: The value of the pegged currency goes up and down depending on the exchange rate of the U.S. dollar. Pegging a currency to the U.S. dollar gives that currency the same stability as the U.S. dollar, keeping its exchange rate from fluctuating too wildly.

**Question 9c of 10** ( 2 Currency exchange 226482 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

Maximum Score: 2

Question: Which of the following best explains what happens to the exchange rate of a floating currency?

	Choice	Feedback
A.	The exchange rate for that currency goes up and down with the price of gold.	
*B.	The exchange rate for that currency changes depending on the operations of the free market.	Correct! The exchange rate of floating currencies is determined by the buying and selling that goes on in the currency exchange market.
C.	The exchange rate for that currency is determined by changes in the value of the U.S. dollar.	
D.	The exchange rate for that currency increases or decreases depending on the size of the country's GDP.	

**Global Incorrect Feedback**

The correct answer is: The exchange rate for that currency changes depending on the operations of the free market. The exchange rate of floating currencies is determined by the buying and selling that goes on in the currency exchange market.

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**Question 10a of 10** ( 2 Currency exchange 226483 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following explains what happens when currency traders buy on margin?

	Choice	Feedback
*A.	They borrow money from their broker in order to make a larger currency purchase.	Correct! Buying on margin allows traders to spend large amounts on their trades with little money up front.
B.	They risk large amounts of money in order to realize relatively small profits.	
C.	They purchase a small amount of a currency in order to affect the exchange rate.	
D.	They buy a currency for higher than the market value expecting the exchange rate to go up.	

**Global Incorrect Feedback**

The correct answer is: They borrow money from

their broker in order to make a larger currency purchase. Buying on margin allows traders to spend large amounts on their trades with little money up front.

**Question 10b of 10** ( 2 Currency exchange 226484 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Currency traders can use leverage to do which of the following?

	Choice	Feedback
A.	Entice unwilling currency holders to sell below market price.	
B.	Influence the exchange rate with small currency purchases.	
*C.	Buy large amounts of a currency with little money up front.	Correct! Currency traders using leverage buy on margin, borrowing money from their broker in order to make a larger currency purchase than they could make with the money they have on hand.
D.	Force foreign governments to give them discounted exchanges.	

**Global Incorrect Feedback**

The correct answer is: Buy large amounts of a currency with little money up front. Currency traders using leverage buy on margin, borrowing money from their broker in order to make a larger currency purchase than they could make with the money they have on hand.

**Question 10c of 10** ( 2 Currency exchange 226485 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how currency traders can buy large amounts of a currency with little money up front?

	Choice	Feedback
A.	They purchase only currencies with a very low exchange rate.	
B.	They use a bond issue to raise money for their trades.	

*C.	They buy on margin to provide leverage for a large purchase.	Correct! Currency traders can buy on margin, borrowing money from their broker in order to make a larger currency purchase than they could make with the money they have on hand.
D.	They sell shares in their enterprise to provide investment capital.	

**Global Incorrect Feedback**

The correct answer is: They buy on margin to provide leverage for a large purchase. Currency traders can buy on margin, borrowing money from their broker in order to make a larger currency purchase than they could make with the money they have on hand.

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PREVIEW

CLOSE

Quiz: Financing a Business

**Question 1a of 10** ( 1 Types of capital 226734 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Seed capital pays for which of the following?

	Choice	Feedback
A.	Expanding production and advertising budgets	
B.	Operating expenses for the first year of a new business	
*C.	Funding for research and development of a business idea	Correct! Entrepreneurs need seed capital in order to fund the initial research and planning for their business.
D.	Competitive wages for high-tech workers	

**Global Incorrect Feedback**

The correct answer is: Funding for research and development of a business idea. Entrepreneurs need seed capital in order to fund the initial research and planning for their business.

**Question 1b of 10** ( 1 Types of capital 226735 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Startup capital pays for which of the following?

	Choice	Feedback
A.	Funding for research and development of a business idea	
*B.	Operating expenses for the first year of a new business	Correct! Entrepreneurs need startup capital to get their business up and running.
C.	Expanding production and advertising budgets	
D.	Competitive wages for high-tech workers	

**Global Incorrect Feedback**

The correct answer is: Operating expenses for the first year of a new business. Entrepreneurs

need startup capital to get their business up and running.

**Question 1c of 10** ( 1 Types of capital 226736 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best states the difference between seed capital and startup capital?

	Choice	Feedback
*A.	Seed capital is for research and planning while startup capital is for operating expenses.	Correct! Companies need seed capital first and then startup capital to get up and running.
B.	Seed capital is provided by venture capitalists while startup capital is provided by banks.	
C.	Seed capital pays for new employees while startup capital pays for equipment and inputs.	
D.	Seed capital is for new businesses while startup capital is for businesses that are expanding.	

**Global Incorrect Feedback**

The correct answer is: Seed capital is for research and planning while startup capital is for operating expenses. Companies need seed capital first and then startup capital to get up and running.

**Question 2a of 10** ( 1 Types of capital 226737 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of financing with its source.

Choice Text	Correct Match	Match Text
A. Venture capital	C.	Private bank
B. Angel investment	A.	Group of investors
C. Business loan	B.	Wealthy individual

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Venture capital: Group of investors; Angel investment: Wealthy individual; Business loan: Private bank.

### Question 2b of 10 ( 1 Types of capital 226738 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of financing with the method used to obtain it.

Choice Text	Correct Match	Match Text
A. Debt financing	B.	Selling ownership in the company
B. Equity financing	C.	Selling shares of stock on the open market
C. Public offering	A.	Taking a loan from a bank

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Debt financing: Taking a loan from a bank. Equity financing: Selling ownership in the company. Public offering: Selling shares of stock on the open market.

### Question 2c of 10 ( 1 Types of capital 226739 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of financing with its purpose.

Choice Text	Correct Match	Match Text
A. Seed capital	C.	Investment to achieve high returns quickly
B. Angel investment	B.	Funding to get a new business up and running
C. Venture capital	A.	Funding for research and development of a business

		idea
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Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Seed capital: Funding for research and development of a business idea; Angel investment: Funding to get a new business up and running; Venture capital: Investment to achieve high returns quickly.

### Question 3a of 10 ( 2 Debt financing 226741 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is a disadvantage of debt financing?

	Choice	Feedback
A.	Paying for the interest on a loan makes it the most expensive form of financing available.	
B.	Fluctuations in the currency exchange market can lead to ballooning interest payments.	
C.	Securing a loan involves a lot of paperwork and an extremely lengthy approval process.	
*D.	Banks are usually unwilling to fund a business in its early stages of development.	Correct! Banks generally don't want to take the risk that a business will fail and default on its debt obligations.

Global Incorrect Feedback
The correct answer is: Banks are usually unwilling to fund a business in its early stages of development. Banks generally don't want to take the risk that a business will fail and default on its debt obligations.

### Question 3b of 10 ( 2 Debt financing 226742 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best states one of the disadvantages of equity



financing?

	Choice	Feedback
A.	The purchase of productive inputs requires more than equity financing can yield.	
B.	Seed capital and startup capital are necessary before equity can be sold.	
*C.	Selling stock gives the shareholders some control over the company.	Correct! Equity financing means the operators of the business have to answer to the investors.
D.	Equity financing is only possible for large corporations with a history of high profits.	

**Global Incorrect Feedback**

The correct answer is: Selling stock gives the shareholders some control over the company. Equity financing means the operators of the business have to answer to the investors.

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**Question 3c of 10** ( 2 Debt financing 226743 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is an advantage of equity financing over debt financing?

	Choice	Feedback
A.	Equity financing provides necessary capital more quickly than a loan.	
B.	The original partners can maintain total control of the company.	
*C.	It's possible to raise more money than a loan can usually provide.	Correct! By getting investors to buy into the business, it's possible to raise a lot of money.
D.	Debt financing is reserved for large corporations with a history of high profits.	

**Global Incorrect Feedback**

The correct answer is: It's possible to raise more money than a loan can usually provide. By getting investors to buy into the business, it's possible to raise a lot of money.

---

**Question 4a of 10** ( 2 Debt financing 226748 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is generally *not* required to get a business loan from a bank?

	Choice	Feedback
*A.	A wealthy startup investor	Correct! Bank loans are needed when a business doesn't have a wealthy investor.
B.	A positive operating history	
C.	An expectation of profits	
D.	A solid business plan	

**Global Incorrect Feedback**

The correct answer is: A wealthy startup investor. Bank loans are needed when a business doesn't have a wealthy investor.

---

**Question 4b of 10** ( 2 Debt financing 226749 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the purpose of angel capital?

	Choice	Feedback
A.	To enable a reduction of decreasing marginal utility	
*B.	To fund companies at the startup stage of development	Correct! Angel investors generally provide either seed capital or startup capital.
C.	To pay for long-term operating expenses	
D.	To provide additional bargaining power	

**Global Incorrect Feedback**

The correct answer is: To fund companies at the startup stage of development. Angel investors generally provide either seed capital or startup capital.

---

**Question 4c of 10** ( 2 Debt financing 226750 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best states the expectations of venture capitalists?

	Choice	Feedback
A.	Slow and steady growth of profits	
B.	Stable operating history	
C.	Startup capital already provided	
*D.	Large returns in a short period of time	Correct! Venture capitalists are looking for a high level of return very quickly.

**Global Incorrect Feedback**

The correct answer is: Large returns in a short period of time. Venture capitalists are looking for a high level of return very quickly.

**Question 5a of 10** ( 3 Debt Financing 226751 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following enterprises would be most likely to attract an angel investor?

	Choice	Feedback
*A.	A brand new database design company	Correct! Angel investors often focus on high-tech companies that need seed and startup capital to get going.
B.	A struggling national grocery store chain	
C.	A well-established e-commerce company	
D.	A large corporation with inexpensive stock	

**Global Incorrect Feedback**

The correct answer is: A brand new database design company. Angel investors often focus on high-tech companies that need seed and startup capital to get going.

**Question 5b of 10** ( 3 Debt Financing 226752 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following enterprises would be most likely to attract a venture capitalist?

	Choice	Feedback
A.	A brand new local bookstore	

B.	A large corporation with inexpensive stock	
*C.	A one-year-old e-commerce company	Correct! Venture capitalists like to fund newer businesses with high growth potential.
D.	A well-established retail chain	

**Global Incorrect Feedback**

The correct answer is: A one-year-old e-commerce company. Venture capitalists like to fund newer businesses with high growth potential.

**Question 5c of 10** ( 3 Debt Financing 226753 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following enterprises would be most likely to secure a large business loan?

	Choice	Feedback
A.	A struggling national grocery store chain	
*B.	A well-established real-estate developer	Correct! Banks generally want a stable operating history before making a large loan.
C.	A one-year-old e-commerce company	
D.	A small database design company	

**Global Incorrect Feedback**

The correct answer is: A well-established real-estate developer. Banks generally want a stable operating history before making a large loan.

**Question 6a of 10** ( 1 Initial public offering 226755 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following happens when a company goes public?

	Choice	Feedback
A.	It starts offering its products for sale in the free market	
*B.	It begins selling shares of stock in a public stock market	Correct! A company goes public with an initial public offering (IPO) that involves

		the first sale of stock to the public.
C.	It issues bonds that can be bought by anyone	
D.	It gets taken over by the federal government	

**Global Incorrect Feedback**

The correct answer is: It begins selling shares of stock in a public stock market. A company goes public with an initial public offering (IPO) that involves the first sale of stock to the public.

**Question 6b of 10** ( 1 Initial public offering 226756 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately describes an initial public offering (IPO)?

	Choice	Feedback
A.	The government takeover of a business	
B.	The establishment of a new business	
*C.	The first sale of stock to the public	Correct! A company goes public with an initial public offering (IPO) that involves the first sale of stock to the public.
D.	The beginning of the productive process	

**Global Incorrect Feedback**

The correct answer is: The first sale of stock to the public. A company goes public with an initial public offering (IPO) that involves the first sale of stock to the public.

**Question 6c of 10** ( 1 Initial public offering 226757 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the purpose of an initial public offering (IPO)?

	Choice	Feedback
*A.	To raise money to fund a company's activities	Correct! An IPO raises money that is used to pay for operating expenses or an expansion of the business.
B.	To prevent the company from being taken over	

C.	To allow the government to regulate the company's activities	
D.	To give investors a say in the membership of the board of directors	

**Global Incorrect Feedback**

The correct answer is: To raise money to fund a company's activities. An IPO raises money that is used to pay for operating expenses or an expansion of the business.

**Question 7a of 10** ( 2 Initial public offering 226758 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one advantage for a company that goes public?

	Choice	Feedback
A.	Management retains control of the company	
B.	The pressure to make profits is reduced	
C.	A greater labor pool is available for hire	
*D.	Money is raised without going into debt	Correct! Going public is a form of equity financing that involves selling some ownership in the business rather than taking a loan.

**Global Incorrect Feedback**

The correct answer is: Money can be raised without going into debt. Going public is a form of equity financing that involves selling some ownership in the business rather than taking a loan.

**Question 7b of 10** ( 2 Initial public offering 226759 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is one disadvantage for a company that goes public?

	Choice	Feedback
A.	The company goes deeply into debt.	

<b>*B.</b>	The pressure to make profits is increased.	Correct! With investors wanting their investment to pay off, the management of a company faces stronger pressure to make higher profits.
<b>C.</b>	Workers are able to bargain collectively.	
<b>D.</b>	Executives are forced to take stock options.	

**Global Incorrect Feedback**

The correct answer is: The pressure to make profits is increased. With investors wanting their investment to pay off, the management of a company faces stronger pressure to make higher profits.

### Question 7c of 10 ( 2 Initial public offering 226760 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is one disadvantage for a company that goes public?

	Choice	Feedback
<b>*A.</b>	The company faces more government regulations.	Correct! A publicly traded company must meet more regulations, particularly regarding the public disclosure of its finances and operations.
<b>B.</b>	Investors don't know about the company's finances.	
<b>C.</b>	Stockholders have no control over the management.	
<b>D.</b>	Large bank loans become more difficult to obtain.	

**Global Incorrect Feedback**

The correct answer is: The company faces more government regulations. A publicly traded company must meet more regulations, particularly regarding the public disclosure of its finances and operations.

### Question 8a of 10 ( 1 Initial public offering 226761 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in chronological order that a company goes through to make an initial public offering.

**Correct Answer:**

1. Disclosure documents are drawn up.
2. Paperwork is filed with the SEC.
3. Bankers recruit brokers to sell the stock.
4. Stock is sold to the public.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: 1. Disclosure documents are drawn up; 2. Paperwork is filed with the SEC; 3. Bankers recruit brokers to sell the stock; 4. Stock is sold to the public.

### Question 8b of 10 ( 1 Initial public offering 226762 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in chronological order that a company goes through to make an initial public offering.

**Correct Answer:**

1. The company's lawyers prepare to disclose the company's financial position.
2. The company files its prospectus with the Securities and Exchange Commission.
3. The company conducts an advertising campaign to hype the company to stock brokers.
4. The company's stock is sold to the public in a stock exchange.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: 1. The company's lawyers prepare to disclose the company's financial position; 2. The company files its prospectus with the Securities and Exchange Commission; 3. The company conducts an



	advertising campaign to hype the company to stock brokers; 4. The company's stock is sold to the public in a stock exchange.
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**Question 8c of 10** ( 1 Initial public offering 226763 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in chronological order that a company goes through to make an initial public offering.

**Correct Answer:**

1. A prospectus is prepared.
2. The SEC is notified.
3. Investment bankers are recruited.
4. Stock is sold to the public.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: 1. A prospectus is prepared; 2. The SEC is notified; 3. Investment bankers are recruited; 4. Stock is sold to the public.

**Question 9a of 10** ( 3 Initial public offering 226764 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following factors would be most likely to lead to an unsuccessful IPO?

	Choice	Feedback
A.	A history of venture capital funding	
B.	Slow growth in profits	
C.	An overly optimistic prospectus	
*D.	Bearish market conditions	Correct! When prices in the stock market are falling, it's difficult to have a successful IPO.

**Global Incorrect Feedback**

The correct answer is: Bearish market conditions. When prices in the stock market are falling, it's difficult to have a successful IPO.

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**Question 9b of 10** ( 3 Initial public offering 226765 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following factors would be most likely to lead to a successful IPO?

	Choice	Feedback
A.	Bullish market conditions	
*B.	A history of good profits	Correct! Investors will respond positively to a company that has shown good profits in the past.
C.	A risky-sounding prospectus	
D.	A brand new approach to business	

**Global Incorrect Feedback**

The correct answer is: A history of good profits. Investors will respond positively to a company that has shown good profits in the past.

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**Question 9c of 10** ( 3 Initial public offering 226766 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following factors would be most likely to lead to an unsuccessful IPO?

	Choice	Feedback
A.	An overly optimistic prospectus	
B.	Bearish market conditions	
*C.	A history of debt	Correct! A company with a history of debt is unlikely to be attractive to investors.
D.	The use of venture capital funding.	

**Global Incorrect Feedback**

The correct answer is: A history of debt. A company with a history of debt is unlikely to be

attractive to investors.

### Question 10a of 10 ( 3 Initial public offering 226767 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does *not* help explain why the Google IPO was successful?

	Choice	Feedback
A.	Investor confidence in Internet companies was high	
B.	The fact that Google was a household name	
*C.	Google's history of borrowing large sums of money	Correct! Google was a profitable company at the time of its IPO, so its history of borrowing to fund its startup wasn't harmful.
D.	The size of Google's market share of Internet searching	

#### Global Incorrect Feedback

The correct answer is: Google's history of borrowing large sums of money. Google was a profitable company at the time of its IPO, so its history of borrowing to fund its startup wasn't harmful.

### Question 10b of 10 ( 3 Initial public offering 226768 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does *not* help explain why 800.com canceled its IPO?

	Choice	Feedback
*A.	It needed a lot of money to finance its operations.	Correct! Many businesses require their IPO to generate a lot of money without this fact hindering their success.
B.	It had never shown a profit.	
C.	It scheduled its IPO during a bear market.	
D.	It prepared a prospectus filled with risk warnings.	

**Global Incorrect Feedback**

The correct answer is: It needed a lot of money to finance its operations. Many businesses require their IPO to generate a lot of money without this fact hindering their success.

**Question 10c of 10** ( 3 Initial public offering 226769 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following helps explain why Google's IPO was successful while 800.com's was not?

	Choice	Feedback
*A.	The timing of Google's IPO was much better as investor confidence was higher	Correct! 800.com attempted its IPO during a bull market when conditions weren't good for a high return on an investment, particularly in an Internet company.
B.	Google used a larger investment banking company than 800.com did	
C.	Google's prospectus hid the risks from investors while 800.com's prospectus admitted the risks	
D.	The generally low level of stock prices when Google held its IPO led to more eager buyers	

**Global Incorrect Feedback**

The correct answer is: The timing of Google's IPO was much better as investor confidence was higher. 800.com attempted its IPO during a bull market when conditions weren't good for a high return on an investment, particularly in an Internet company.

PREVIEW

CLOSE

Test (CS): Money Money Money

**Question 1a of 25** ( 1 Mediums of exchange 227330 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: barter, bartering

Question: Goods and services are exchanged without the use of money in a \_\_\_\_\_ system.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: barter.

**Question 1b of 25** ( 1 Mediums of exchange 227331 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: barter, bartering

Question: A \_\_\_\_\_ system involves the direct exchange of goods and services without the use of money as a medium of exchange.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: barter.

**Question 1c of 25** ( 1 Mediums of exchange 227332 )

Maximum Attempts: 1

Question Type: Text Fill In Blank

Maximum Score: 2

Is Case Sensitive: false

Correct Answer: barter

Question: Before the development of money as a medium, goods and services were exchanged through a \_\_\_\_\_ system.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: barter.

---

### Question 2a of 25 ( 2 Mediums of exchange 227333 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following statements accurately describes the relationship between commodity money and fiat money?

	Choice	Feedback
A.	Both commodity money and fiat money require a free-market system.	
B.	Fiat money only has value if commodity money is a precious metal such as gold.	
C.	Neither type of money can be used for any purpose other than as a medium of exchange.	
*D.	Commodity money has value in itself while fiat money has value only because it is given value.	Correct! Fiat money does not have any value in itself; it has value only as a medium of exchange.

#### Global Incorrect Feedback

The correct answer is: Commodity money has value in itself while fiat money has value only because it is given value. Fiat money does not have any value in itself; it has value only as a medium of exchange.

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### Question 2b of 25 ( 2 Mediums of exchange 227334 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following most accurately explains why fiat money differs from commodity money?

	Choice	Feedback
A.	Fiat money can also be used as a productive input.	
*B.	Fiat money only has value as a medium of exchange.	Correct! While commodity money can also be used for another purpose, fiat money does not have any value in itself; it has value only as a medium of exchange.
C.	Fiat money has value because it is a precious metal such as gold.	
D.	Fiat money has value because it enables the barter system to work.	

**Global Incorrect Feedback**

The correct answer is: Fiat money only has value as a medium of exchange. While commodity money can also be used for another purpose, fiat money does not have any value in itself; it has value only as a medium of exchange.

**Question 2c of 25** ( 2 Mediums of exchange 227335 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following most accurately explains why fiat money has no value in itself?

	Choice	Feedback
A.	Fiat money is not a durable commodity.	
*B.	Fiat money has only a single use as a medium of exchange.	Correct! Unlike commodity money, which can function as either a useful good or as a medium of exchange, fiat money is only useful as a medium of exchange.
C.	Fiat money only has value as long as the free-market system exists.	
D.	Fiat money is always a precious metal that only has value because of its beauty.	

**Global Incorrect Feedback**

The correct answer is: Fiat money has only a single use as a medium of exchange. Unlike

commodity money, which can function as either a useful good or as a medium of exchange, fiat money is only useful as a medium of exchange.

**Question 3a of 25** ( 2 Banking systems 227336 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following accurately describes the requirements banks must meet under a fractional reserve banking system?

	Choice	Feedback
A.	Banks must get government approval for all loans.	
B.	Banks reserve the right to raise interest rates at any time.	
C.	Banks must pay a specific fraction of their assets in taxes.	
*D.	Banks must keep a specific percentage of deposits on hand.	Correct! In a fractional reserve banking system, banks are required to keep a certain ration of deposits on hand to satisfy customers' demands for withdrawals.

**Global Incorrect Feedback**

The correct answer is: Banks must keep a specific percentage of deposits on hand. In a fractional reserve banking system, banks are required to keep a certain ration of deposits on hand to satisfy customers' demands for withdrawals.

**Question 3b of 25** ( 2 Banking systems 227337 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is the purpose of requiring banks to keep a specific percentage of their deposits on hand in the vault?

	Choice	Feedback
A.	To prevent growth of the money supply from stagnating	
B.	To ensure that banks have enough money to loan to potential customers	



C.	To enable the government to calculate the bank's tax burden more easily	
*D.	To make sure customers' demands for withdrawals can be met instantly	Correct! The bank's reserves assure that the bank has enough money on hand to give to customers who want to make withdrawals.

**Global Incorrect Feedback**

The correct answer is: To make sure customers' demands for withdrawals can be met instantly. The bank's reserves assure that the bank has enough money on hand to give to customers who want to make withdrawals.

**Question 3c of 25** ( 2 Banking systems 227338 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes why banks aren't allowed to loan out all of their deposits at once?

	Choice	Feedback
*A.	If banks loaned out all of their deposits, it would be impossible to meet customers' demands for withdrawals	Correct! The bank's reserves assure that the bank has enough money on hand to give to customers who want to make withdrawals.
B.	If banks loaned out all of their deposits, the government would be unable to calculate the bank's tax burden	
C.	If banks loaned out all of their deposits, there wouldn't be enough money left to provide new customers with loans	
D.	If banks loaned out all of their deposits, the money supply would grow much too slowly	

**Global Incorrect Feedback**

The correct answer is: If banks loaned out all of their deposits, it would be impossible to meet customers' demands for withdrawals. The bank's reserves assure that the bank has enough money on hand to give to customers who want to make withdrawals.

**Question 4a of 25** ( 2 Banking systems 227339 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each government agency with its purpose.

Choice Text	Correct Match	Match Text
A. Federal Deposit Insurance Corporation (FDIC)	C.	To prevent stock market fraud
B. Federal Reserve Bank (Fed)	A.	To protect depositors against losing their money when their bank goes out of business
C. Securities and Exchange Commission	B.	To manage the growth of the U.S. economy

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Federal Deposit Insurance Corporation (FDIC) : To protect depositors against losing their money when their bank goes out of business; Federal Reserve Bank (Fed) : To manage the growth of the U.S. economy; Securities and Exchange Commission (SEC) : To prevent stock market fraud.

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### Question 4b of 25 ( 2 Banking systems 227340 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each government agency with its activities.

Choice Text	Correct Match	Match Text
A. Federal Deposit Insurance Corporation (FDIC)	A.	Guarantees deposits against bank failure
B. Federal Reserve Bank (Fed)	C.	Regulates and polices the stock market
C. Securities and Exchange Commission (SEC)	B.	Sets the required reserve ratio and the discount rate

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Federal Deposit Insurance Corporation (FDIC) : Guarantees deposits against bank failure; Federal Reserve Bank (Fed) : Sets the required reserve ratio and the discount rate; Securities and Exchange Commission (SEC) : Regulates and polices the stock market.

### Question 4c of 25 ( 2 Banking systems 227341 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each government agency with one of its major activities.

Choice Text	Correct Match	Match Text
A. U.S. Treasury Department	B.	Buys and sells bonds on the open market
B. Federal Reserve Bank (Fed)	C.	Protects investors against fraud
C. Securities and Exchange Commission (SEC)	A.	Issues government bonds

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: U.S. Treasury Department : Issues government bonds; Federal Reserve Bank (Fed) : Buys and sells bonds on the open market; Securities and Exchange Commission (SEC) : Protects investors against fraud.

### Question 5a of 25 ( 3 Government policies 227342 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following can the Fed accomplish by raising or lowering the required reserve ratio?

	Choice	Feedback
*A.	Increase or decrease the money supply	Correct! By raising and lowering the required reserve ratio, the Fed can

		increase or decrease the money supply, which enables the government to manage economic growth.
<b>B.</b>	Reduce housing prices	
<b>C.</b>	Prevent a budget deficit	
<b>D.</b>	Ensure an equitable distribution of wealth	

**Global Incorrect Feedback**

The correct answer is: Increase or decrease the money supply. By raising and lowering the required reserve ratio, the Fed can increase or decrease the money supply, which enables the government to manage economic growth.

**Question 5b of 25** ( 3 Government policies 227343 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following accurately describes how raising the required reserve ratio reduces the money supply?

	Choice	Feedback
<b>A.</b>	When the required reserve ratio is raised, banks must raise interest rates so that fewer people can afford to take loans.	
<b>*B.</b>	When the required reserve ratio is raised, banks must loan out a smaller portion of their reserves, resulting in fewer loans.	Correct! When banks aren't able to loan out as much money, there is less money in circulation.
<b>C.</b>	When the required reserve ratio is raised, banks have less incentive to give loans because they make less profit on these loans.	
<b>D.</b>	When the required reserve ratio is raised, banks can loan out a larger portion of their reserves, leaving less of a supply on hand.	

**Global Incorrect Feedback**

The correct answer is: When the required reserve ratio is raised, banks must loan out a smaller portion of their reserves, resulting in fewer loans. When banks aren't able to loan out as much money, there is less money in circulation.

**Question 5c of 25** ( 3 Government policies 227344 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following accurately describes how lowering the required reserve ratio increases the money supply?

	Choice	Feedback
*A.	When the required reserve ratio is lowered, banks can loan out more money.	Correct! When banks are able to loan out more money, there is more money in circulation.
B.	When the required reserve ratio is lowered, banks make less profit on money loaned out.	
C.	When the required reserve ratio is lowered, the inflation rate goes up and people spend less money.	
D.	When the required reserve ratio is lowered, banks charge lower interest rates that make loans more affordable.	

**Global Incorrect Feedback**

The correct answer is: When the required reserve ratio is lowered, banks can loan out more money. When banks are able to loan out more money, there is more money in circulation.

**Question 6a of 25** ( 2 Government policies 227345 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following explains how Treasury bonds can have an effect on the size of the money supply?

	Choice	Feedback
A.	The use of Treasury bonds to pay for government expenses leads to increased inflation	
*B.	The Federal Reserve Bank can buy and sell Treasury bonds to raise or lower bank deposits	Correct! By buying and selling Treasury bonds, the Fed can affect the amount of bank deposits, which influences the amount of loans that banks are able to be made.
C.	The existence of Treasury bonds increases competition among banks to offer low-interest loans	
D.	The government can avoid running a budget deficit and reducing the money supply by issuing Treasury bonds	

**Global Incorrect Feedback**

The correct answer is: The Federal Reserve Bank can buy and sell Treasury bonds to raise or lower bank deposits. By buying and selling Treasury bonds, the Fed can affect the amount of bank deposits, which influences the amount of loans that banks are able to be made.

**Question 6b of 25** ( 2 Government policies 227346 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains why the money supply is decreased when the government issues bonds?

	Choice	Feedback
*A.	The purchase of bonds reduces the bond buyers' bank accounts	Correct! When bonds are sold, the government takes money out of circulation because it gets the bonds' buyers money from these sales.
B.	The sale of bonds enables the government to run a budget surplus	
C.	The issuing of bonds increases competition among private banks	
D.	The trading of bonds interferes with other types of economic activity	

**Global Incorrect Feedback**

The correct answer is: The purchase of bonds reduces the bond buyers' bank accounts. When bonds are sold, the government takes money out of circulation because it gets the bonds' buyers money from these sales.

**Question 6c of 25** ( 2 Government policies 227347 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following best explains why the money supply is increased when the Fed buys T-bonds on the open market?

	Choice	Feedback
A.	The purchase of bonds increases the demand both for bonds purchases and for money in general	

B.	The purchase of bonds reduces the available supply of bonds, which drives up bond prices	
C.	The purchase of bonds leads to a reduction in the discount rate, which provides banks with an incentive to loan more money	
*D.	The purchase of bonds increases the amount of deposits in people's bank accounts, which enables banks to loan more money	Correct! When the Fed adds money to someone's bank balance, it's adding money to the money supply, and also making it possible for banks to put more money into circulation through loans.

**Global Incorrect Feedback**

The correct answer is: The purchase of bonds increases the amount of deposits in people's bank accounts, which enables banks to loan more money. When the Fed adds money to someone's bank balance, it's adding money to the money supply, and also making it possible for banks to put more money into circulation through loans.

**Question 7a of 25** ( 3 Government policies 227348 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes the most likely effect of the sale of a new batch of Treasury bonds?

	Choice	Feedback
A.	An increase in unemployment	
B.	A reduction in the inflation rate	
C.	An increase in the money supply	
*D.	A decrease in the money supply	Correct! By selling bonds, the government takes money out of circulation by getting that money from the bonds' buyers.

**Global Incorrect Feedback**

The correct answer is: A decrease in the money supply. By selling bonds, the government takes money out of circulation by getting that money from the bonds' buyers.

**Question 7b of 25** ( 3 Government policies 227349 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes the most likely effect of the Fed lowering the discount rate on overnight loans?

	Choice	Feedback
A.	An increase in unemployment	
B.	A reduction in the inflation rate	
*C.	An increase in the money supply	Correct! By lowering the discount rate, banks are more likely to loan out more money, which increases the money supply.
D.	A decrease in the money supply	

**Global Incorrect Feedback**

The correct answer is: An increase in the money supply. By lowering the discount rate, banks are more likely to loan out more money, which increases the money supply.

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**Question 7c of 25** ( 3 Government policies 227350 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following describes the most likely effect of the Fed buying millions of dollars in T-bonds?

	Choice	Feedback
A.	An increase in unemployment	
B.	A reduction in the inflation rate	
*C.	An increase in the money supply	Correct! By buying T-bonds, the Fed increases the amount of money deposited in people's bank accounts, which increases the money supply.
D.	A decrease in the money supply	

**Global Incorrect Feedback**

The correct answer is: An increase in the money supply. By buying T-bonds, the Fed increases the amount of money deposited in people's bank accounts, which increases the money supply.

---

**Question 8a of 25** ( 3 Stock market 227351 )

Maximum Attempts: 1



**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes someone's expected outcome from investing in the stock market?

	Choice	Feedback
<b>*A.</b>	Making profit from savings	Correct! Investors use money they've saved to provide funding for profit-making businesses, with the expectation of sharing the profit.
<b>B.</b>	Slowing the productive process	
<b>C.</b>	Decreasing the money supply	
<b>D.</b>	Raising his or her wage level	

**Global Incorrect Feedback**

The correct answer is: Making profit from savings. Investors use money they've saved to provide funding for profit-making businesses, with the expectation of sharing the profit.

**Question 8b of 25** ( 3 Stock market 227352 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is an example of a businessman making an investment?

	Choice	Feedback
<b>A.</b>	He receives financing from an angel investor	
<b>*B.</b>	He contributes money to a partnership	Correct! When a person contributes to a partnership, he or she is investing in the company's activities in hopes of making a profit.
<b>C.</b>	He applies for a small business loan	
<b>D.</b>	He reports investor fraud to the SEC	

**Global Incorrect Feedback**

The correct answer is: He contributes money to a partnership. When a person contributes to a partnership, he or she is investing in the company's activities in hopes of making a profit.

**Question 8c of 25** ( 3 Stock market 227353 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following accurately describes a businesswoman making an investment?

	Choice	Feedback
A.	She pays for a new car	
*B.	She buys a Treasury bond	Correct! By buying a bond, a person is investing in an asset with the expectation of making a profit as the asset grows.
C.	She sells her shares of a company's stock	
D.	She exchanges her labor for wages	

**Global Incorrect Feedback**

The correct answer is: She buys a Treasury bond. By buying a bond, a person is investing in an asset with the expectation of making a profit as the asset grows.

---

**Question 9a of 25** ( 2 Stock market 227354 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the items below to show the risks, benefits, and powers of stockholders.

Choice Text	Correct Match	Match Text
A. Risk of being a stockholder	A.	Stockholders may not get an increase in the amount of their investment.
B. Benefit of being a stockholder	C.	Stockholders can vote for the members of the board of directors.
C. Power of a stockholder	B.	Stockholders can increase their investment if the price of their stock goes up.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Risk of being a stockholder : Stockholders may not get an increase in the amount of their investment; Benefit of being a stockholder : Stockholders

	can increase their investment if the price of their stock goes up; Power of a stockholder : Stockholders can vote for the members of the board of directors.
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### Question 9b of 25 ( 2 Stock market 227355 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the items below to show the risks, benefits, and powers of stockholders.

Choice Text	Correct Match	Match Text
A. Risk of being a stockholder	C.	Stockholders can sell their shares in the company at any time.
B. Benefit of being a stockholder	B.	Stockholders receive dividends when the company makes a profit.
C. Power of a stockholder	A.	Stockholders aren't guaranteed a return on their investment.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Risk of being a stockholder : Stockholders aren't guaranteed a return on their investment; Benefit of being a stockholder : Stockholders receive dividends when the company makes a profit; Power of a stockholder : Stockholders can sell their shares in the company at any time.

### Question 9c of 25 ( 2 Stock market 227356 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the items below to show the risks, benefits, and powers of stockholders.

Choice Text	Correct Match	Match Text
A. Risk of being a	C.	Stockholders can vote for the members of the board of

	stockholder		directors.
	<b>B.</b> Benefit of being a stockholder	<b>A.</b>	Stockholders can lose their money if the company goes bankrupt.
	<b>C.</b> Power of a stockholder	<b>B.</b>	Stockholders share in the company's profits.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Risk of being a stockholder : Stockholders can lose their money if the company goes bankrupt; Benefit of being a stockholder : Stockholders share in the company's profits; Power of a stockholder : Stockholders can vote for the members of the board of directors.

### Question 10a of 25 ( 1 Different markets 227357 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of market with the items bought and sold there.

Choice Text	Correct Match	Match Text
<b>A.</b> Currency exchange market	<b>B.</b>	Raw, unprocessed goods
<b>B.</b> Commodity market	<b>A.</b>	Foreign money
<b>C.</b> Stock market	<b>C.</b>	Shares in corporations

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Currency exchange market : Foreign money; Commodity market : Raw, unprocessed goods; Stock market : Shares in corporations.

### Question 10b of 25 ( 1 Different markets 227358 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of market with the items bought and sold there.

Choice Text	Correct Match	Match Text
A. Bond market	C.	Shares in corporations
B. Commodity market	A.	Treasuries
C. Stock market	B.	Raw, unprocessed goods

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Bond market : Treasuries; Commodity market : Raw, unprocessed goods; Stock market : Shares in corporations.

### Question 10c of 25 ( 1 Different markets 227359 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of market with the items bought and sold there.

Choice Text	Correct Match	Match Text
A. Currency exchange market	A.	Foreign money
B. Commodity market	B.	Raw, unprocessed goods
C. Bond market	C.	Treasuries

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Currency exchange market : Foreign money; Commodity market : Raw, unprocessed goods; Bond market :

	Treasuries.
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### Question 11a of 25 ( 2 Investing 227360 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following accurately describes socially responsible investing?

	Choice	Feedback
A.	When investors vote for a board of directors from their own society	
B.	When investors give some of their profits to nonprofit corporations	
*C.	When investors buy into companies with ethical practices they support	Correct! Socially responsible investors decide to support certain kinds of ethical practices with their money.
D.	When investors attempt to maximize profits for society instead of for themselves	

Global Incorrect Feedback
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The correct answer is: When investors buy into companies with ethical practices they support. Socially responsible investors decide to support certain kinds of ethical practices with their money.
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### Question 11b of 25 ( 2 Investing 227361 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What best describes the kinds of companies in which a socially responsible investor would invest his or her money?

	Choice	Feedback
A.	Companies that rely on nonmonetary calculations when doing cost-benefit analysis	
*B.	Companies with a business model and social mission that the investor supports	Correct! Individual investors decide what they think is socially responsible, but they consider the company's practices when they make decisions.
C.	Companies that put profit-maximization above all other considerations	
D.	Companies that work toward decreasing	

	marginal utility for a society	
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**Global Incorrect Feedback**

The correct answer is: Companies with a business model and social mission that the investor supports. Individual investors decide what they think is socially responsible, but they consider the company's practices when they make decisions.

**Question 11c of 25** ( 2 Investing 227362 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is *not* a type of company that a socially responsible investor would support?

	Choice	Feedback
A.	A company that uses only sustainable natural resources	
*B.	A company that puts profit-maximization above all other considerations	Correct! Socially responsible investors may be interested in making a profit, but they have other interests, as well, such as fair treatment of workers or environmental protection.
C.	A company that attempts to provide fair wages and good working conditions to its employees	
D.	A company that does more to protect the environment than the government requires	

**Global Incorrect Feedback**

The correct answer is: A company that puts profit-maximization above all other considerations. Socially responsible investors may be interested in making a profit, but they have other interests as well, such as fair treatment of workers or environmental protection.

**Question 12a of 25** ( 1 Stock market 227363 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Technical analysis of the stock market focuses on which of the following?

	Choice	Feedback
*A.	Overall trends in the market	Correct! Technical analysis places the value of a particular stock in the context of the entire market.
B.	Calculating opportunity costs	
C.	The ratio of costs to benefits	
D.	The revenue of a corporation	

**Global Incorrect Feedback**

The correct answer is: Overall trends in the market. Technical analysis places the value of a particular stock in the context of the entire market.

**Question 12b of 25** ( 1 Stock market 227364 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Fundamental analysis of a company's stock focuses on which of the following?

	Choice	Feedback
*A.	The company's traits such as revenues and earnings per share	Correct! A company's fundamentals, such as revenues and earnings, are the factors that make it a good competitor in the market.
B.	The value of the company's stock in the context of the entire market	
C.	The costs of land, labor, and capital used by the company for production	
D.	The prospectus published by the company before its initial public offering	

**Global Incorrect Feedback**

The correct answer is: The company's traits such as revenues and earnings per share. A company's fundamentals, such as revenues and earnings, are the factors that make it a good competitor in the market.

**Question 12c of 25** ( 1 Stock market 227365 )

Maximum Attempts: 1

Question Type: Multiple Choice



Maximum Score: 2

Question: Technical analysis of a company's stock focuses on which of the following?

	Choice	Feedback
A.	The company's traits such as revenues and earnings per share	
*B.	Overall trends in the market such as bull and bear markets	Correct! Technical analysis places the value of a particular stock in the context of the entire market.
C.	How socially responsible the company's practices are	
D.	The difference between earnings and interest rates	

**Global Incorrect Feedback**

The correct answer is: Overall trends in the market such as bull and bear markets. Technical analysis places the value of a particular stock in the context of the entire market.

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**Question 13a of 25** ( 2 Different markets 227366 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately explains the difference between the stock market and the bond market?

	Choice	Feedback
A.	Goods are traded in the stock market while services are traded in the bond market.	
*B.	Equity is bought and sold in the stock market while debt is bought and sold in the bond market.	Correct! Stocks are a form of equity, and bonds are a form of debt.
C.	Brokers are used in the bond market while person-to-person trading is used in the stock market.	
D.	Ownership of services is traded in the stock market while ownership of goods is traded in the bond market.	

**Global Incorrect Feedback**

The correct answer is: Equity is bought and sold in the stock market while debt is bought and sold in the bond market. Stocks are a form of equity, and bonds are a form of debt.

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### Question 13b of 25 ( 2 Different markets 227367 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately explains the difference between the stock market and the commodity market?

	Choice	Feedback
A.	Goods are traded in the stock market while services are traded in the commodity market.	
B.	Equity is bought and sold in the stock market while debt is bought and sold in the commodity market.	
C.	Brokers are used in the stock market while person-to-person trading is used in the commodity market.	
*D.	Ownership in companies is traded in the stock market while ownership of raw, unprocessed goods is traded in the commodity market.	Correct! Stocks are certificates of ownership, and commodities are raw, unprocessed goods.

#### Global Incorrect Feedback

The correct answer is: Ownership in companies is traded in the stock market while ownership of raw, unprocessed goods is traded in the commodity market. Stocks are certificates of ownership, and commodities are raw, unprocessed goods.

### Question 13c of 25 ( 2 Different markets 227368 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following accurately explains the difference between the stock market and the currency exchange market?

	Choice	Feedback
A.	Services are traded in the stock market while goods are traded in the currency exchange market.	
B.	Equity is bought and sold in the stock market while debt is bought and sold in the currency exchange market.	
C.	Brokers are used in the stock market while person-to-person trading is used in the currency exchange market.	

<b>*D.</b>	Ownership in companies is traded in the stock market while ownership of foreign money is traded in the currency exchange market.	Correct! Stocks are certificates of ownership, and currencies are foreign money.
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**Global Incorrect Feedback**

The correct answer is: Ownership in companies is traded in the stock market while ownership of foreign money is traded in the currency exchange market. Stocks are certificates of ownership, and currencies are foreign money.

### Question 14a of 25 ( 1 Different markets 227369 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** A company that wanted to increase its capital through debt financing could trade in which of the following markets?

	Choice	Feedback
<b>*A.</b>	Bond market	Correct! Bonds are a form of debt.
<b>B.</b>	Commodity market	
<b>C.</b>	Currency exchange market	
<b>D.</b>	Stock market	

**Global Incorrect Feedback**

The correct answer is: Bond market. Bonds are a form of debt.

### Question 14b of 25 ( 1 Different markets 227370 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** A company that wanted to increase its capital through equity financing would most likely get involved in which of the following markets?

	Choice	Feedback
<b>A.</b>	Bond market	
<b>B.</b>	Commodity market	
<b>C.</b>	Currency exchange market	
<b>*D.</b>	Stock market	Correct! Selling stock is a way of raising money through equity financing.

**Global Incorrect Feedback**

The correct answer is: Stock market. Selling stock is a way of raising money through equity financing.

**Question 14c of 25** ( 1 Different markets 227371 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** A company that sells shares in the stock market is involved in which type of financing?

	Choice	Feedback
A.	Angel investment	
B.	Debt financing	
*C.	Equity financing	Correct! Selling stock is a way of raising money through equity financing.
D.	Venture capital	

**Global Incorrect Feedback**

The correct answer is: Equity financing. Selling stock is a way of raising money through equity financing.

**Question 15a of 25** ( 3 Different markets 227375 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the products below with the type of market in which they are sold.

Choice Text	Correct Match	Match Text
A. Wheat	C.	Stock market
B. Dollars	A.	Commodity market
C. Shares	B.	Currency exchange market

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Wheat : Commodity market; Dollars : Currency exchange market; Shares : Stock market.

### Question 15b of 25 ( 3 Different markets 227376 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the products below with the type of market in which they are sold.

Choice Text	Correct Match	Match Text
A. Coal	A.	Commodity market
B. Pesos	C.	Bond market
C. Munis	B.	Currency exchange market

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Coal : Commodity market; Pesos : Currency exchange market; Munis : Bond market.

### Question 15c of 25 ( 3 Different markets 227377 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match the products below with the type of market in which they are sold.

Choice Text	Correct Match	Match Text
A. Coffee	C.	Bond market
B. Yen	B.	Currency exchange market
C. Treasuries	A.	Commodity market

<b>Attempt</b>	<b>Incorrect Feedback</b>
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1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Coffee : Commodity market; Yen : Currency exchange market; Treasuries : Bond market.

### Question 16a of 25 ( 2 Commodities market 227378 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** A commodity futures market exists within the broader commodities market for which of the following reasons?

	Choice	Feedback
*A.	Contracts setting the price and date for a commodity purchase are transferable.	Correct! A futures contract obligates the parties to engage in a transaction at some later time, usually when the commodity is available for purchase; this obligation can be transferred from one party to another.
B.	Commodities cannot be sold until they have been extracted from nature.	
C.	Forward contracts allow brokers to pay for commodities up front.	
D.	The exchange rate for commodities varies as time goes on.	

<b>Global Incorrect Feedback</b>
The correct answer is: Contracts setting the price and date for a commodity purchase are transferable. A futures contract obligates the parties to engage in a transaction at some later time, usually when the commodity is available for purchase; this obligation can be transferred from one party to another.

### Question 16b of 25 ( 2 Commodities market 227379 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Commodity futures contracts can be bought and sold on the open market for which of the following reasons?

	Choice	Feedback
A.	Unsold commodities will be bought at fair market value by the federal government.	
*B.	Futures contracts remain valid even if the original parties to the contract sell the rights.	Correct! Futures contracts are transferable so that the terms of the original contract remain in force even if the original parties sell the contract to someone else.
C.	Commodity purchase contracts can be renegotiated at a future time in case the commodity isn't available.	
D.	Currency-exchange rates fluctuate, changing the amount of profit that can be made on a particular commodity.	

**Global Incorrect Feedback**

The correct answer is: Futures contracts remain valid even if the original parties to the contract sell the rights. Futures contracts are transferable so that the terms of the original contract remain in force even if the original parties sell the contract to someone else.

**Question 16c of 25** ( 2 Commodities market 227380 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Commodity brokers use forward and futures contracts for which of the following reasons?

	Choice	Feedback
A.	Commodities come from many different countries with very different currency exchange rates.	
*B.	The seasonal nature of many commodities would lead to wide variations in supply and price without these contracts.	Correct! Forward and futures contracts allow buyers and sellers to determine the price and date of delivery for commodities that are not yet available, which helps to level out supply and price so that there are not wide fluctuations in these prices throughout the year.
C.	The riskiness of commodity production means that many commodity producers go bankrupt before harvest time.	
D.	The raw, unprocessed nature of commodities means that there is always a third party to any commodity-purchase contract.	

**Global Incorrect Feedback**

The correct answer is: The seasonal nature of many commodities would lead to wide variations in supply and price without these contracts. Forward and futures contracts allow buyers and sellers to determine the price and date of delivery for commodities that are not yet available, which helps to level out supply and price so that there are not wide fluctuations in these prices throughout the year.

**Question 17a of 25** ( 2 Investing 227381 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how bondholders and banks serve a similar function?

	Choice	Feedback
*A.	They are both holders of someone else's debt.	Correct! Issuing a bond is similar to taking a loan, so bondholders and banks both have someone else in their debt.
B.	They both take deposits and issue withdrawals.	
C.	They are both required to reserve certain assets.	
D.	They both have to charge government-determined interest rates.	

**Global Incorrect Feedback**

The correct answer is: They are both holders of someone else's debt. Issuing a bond is similar to taking a loan, so bondholders and banks both have someone else in their debt.

**Question 17b of 25** ( 2 Investing 227382 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is most similar to the act of buying a bond?

	Choice	Feedback
A.	Paying taxes.	
*B.	Giving a loan.	Correct! Bondholders have someone else in their debt, so buying a bond is like



		loaning money.
C.	Exchanging currency.	
D.	Buying a share of stock.	

**Global Incorrect Feedback**

The correct answer is: Giving a loan.  
Bondholders have someone else in their debt,  
so buying a bond is like loaning money.

**Question 17c of 25** ( 2 Investing 227383 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following actions can the government take to raise money?

	Choice	Feedback
A.	Sell stocks.	
*B.	Issue bonds.	Correct! When a government issues a bond, it is going into debt to bondholders in order to raise money.
C.	Lower interest rates.	
D.	Exchange currencies.	

**Global Incorrect Feedback**

The correct answer is: Issue bonds. When a government issues a bond, it is going into debt to bondholders in order to raise money.

**Question 18a of 25** ( 1 Currency exchange market 227384 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is the act of buying and selling money using other types of money?

	Choice	Feedback
A.	Issuing dividends	
B.	Decreasing utility	
C.	Maximizing profits	
*D.	Exchanging currency	Correct! Currency exchange is when

	foreign monies are bought and sold using other foreign monies.
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**Global Incorrect Feedback**

The correct answer is: Exchanging currency. Currency exchange is when foreign monies are bought and sold using other foreign monies.

**Question 18b of 25** ( 1 Currency exchange market 227385 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In which market is money bought and sold using other types of money?

	Choice	Feedback
	*A. The currency exchange market	Correct! The currency exchange market is where money is bought and sold using other types of money.
	B. The commodity futures market	
	C. The New York Stock Exchange	
	D. The Federal Reserve Bank	

**Global Incorrect Feedback**

The correct answer is: The currency exchange market. The currency exchange market is where money is bought and sold using other types of money.

**Question 18c of 25** ( 1 Currency exchange market 227386 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following best describes the exchange of currencies?

	Choice	Feedback
	A. One set of goods are bartered for a different set of goods	
	B. Goods or services are exchanged for money from a foreign country	
	C. Bonds are purchased with stocks or stocks are purchased with bonds	
	*D. Money from one country is bought using money from another country	Correct! Currency exchange happens when foreign monies are bought and sold.

**Global Incorrect Feedback**

The correct answer is: Money from one country is bought using money from another country. Currency exchange happens when foreign monies are bought and sold.

**Question 19a of 25** ( 3 Currency exchange market 227387 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following accurately explains what an exchange rate of 1:9 between the European euro and Mexican pesos means?

	Choice	Feedback
*A.	It takes only one euro to buy nine pesos.	Correct! The exchange rate tells how much of one currency it takes to buy another currency.
B.	Prices are lower in Europe than in Mexico.	
C.	Goods and services are nine times as expensive in Europe.	
D.	It takes only one peso to buy nine euros.	

**Global Incorrect Feedback**

The correct answer is: It takes only one euro to buy nine pesos. The exchange rate tells how much of one currency it takes to buy another currency.

**Question 19b of 25** ( 3 Currency exchange market 227388 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of the following accurately explains what an exchange rate of 1:20 between the Canadian dollar and Japanese yen means?

	Choice	Feedback
*A.	It takes only one Canadian dollar to buy twenty Japanese yen.	Correct! The exchange rate tells how much of one currency it takes to buy another currency.
B.	Prices for goods and services are lower in Canada than in Japan.	
C.	It takes only one Japanese yen to buy twenty Canadian dollars.	

D.	Japanese yen are twenty times more valuable than Canadian dollars.	
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**Global Incorrect Feedback**

The correct answer is: It takes only one Canadian dollar to buy twenty Japanese yen. The exchange rate tells how much of one currency it takes to buy another currency.

**Question 19c of 25** ( 3 Currency exchange market 227389 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: If the exchange rate between the U.S. dollar and the Canadian dollar is 1:1.3, which of the following is true?

	Choice	Feedback
*A.	It costs less to buy a \$5 item in Canada than it does in the United States.	Correct! When each U.S. dollar buys more than one Canadian dollar, the price of any item in the United States is actually higher than the equivalent Canadian price.
B.	It costs more to buy a \$5 item in Canada than it does in the United States.	
C.	A \$5 item costs three times as much in Canada as it does in the United States.	
D.	A \$5 item costs three times as much in the United States as it does in Canada.	

**Global Incorrect Feedback**

The correct answer is: It costs less to buy a \$5 item in Canada than it does in the United States. When each U.S. dollar buys more than one Canadian dollar, the price of any item in the United States is actually higher than the equivalent Canadian price.

**Question 20a of 25** ( 2 Currency exchange market 227390 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Buying on margin involves which of the following?

	Choice	Feedback
*A	Traders borrowing money from their brokers	Correct! Buying on margin allows traders

		to spend large amounts on their trades using borrowed money.
<b>B.</b>	Brokers putting off the risk of default onto traders	
<b>C.</b>	Traders risking large amounts of money for small profits	
<b>D.</b>	Brokers buying for traders in various foreign currencies	

**Global Incorrect Feedback**

The correct answer is: Traders borrowing money from their brokers. Buying on margin allows traders to spend large amounts on their trades using borrowed money.

**Question 20b of 25** ( 2 Currency exchange market 227391 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Leverage enables currency traders to do which of the following?

	Choice	Feedback
<b>A.</b>	Reduce the risk of losing money	
<b>B.</b>	Force foreign governments to print more money	
<b>C.</b>	Buy currencies before they are available to the public	
<b>*D.</b>	Make large currency trades using small amounts of money	Correct! Currency traders using leverage buy on margin, borrowing money from their broker in order to make a larger currency purchase than they could make with the money they have on hand.

**Global Incorrect Feedback**

The correct answer is: Make large currency trades using small amounts of money. Currency traders using leverage buy on margin, borrowing money from their broker in order to make a larger currency purchase than they could make with the money they have on hand.

**Question 20c of 25** ( 2 Currency exchange market 227392 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best explains how buying on margin increases the leverage of currency traders?

	Choice	Feedback
A.	Margin buying gives traders a profit rate that is one unit higher.	
B.	Buying on margin allows traders to sell shares in a company that they do not yet own.	
*C.	Borrowing money allows traders to make large purchases without a large amount of money up front.	Correct! Currency traders who buy on margin borrow money from their brokers in order to make a larger currency purchase than they could make with the money they have on hand.
D.	Currency purchases can only be made on the large scale, enabled by borrowing from currency brokers.	

**Global Incorrect Feedback**

The correct answer is: Borrowing money allows traders to make large purchases without a large amount of money up front. Currency traders who buy on margin borrow money from their brokers in order to make a larger currency purchase than they could make with the money they have on hand.

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**Question 21a of 25** ( 2 Initial public offering 227393 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because banks are often unwilling to loan money to a business in its early stages of development, startup business have a difficult time doing which of the following?

	Choice	Feedback
*A.	Getting debt financing	Correct! Businesses that can't get loans usually have to sell equity rather than go into debt to finance their startup and operations.
B.	Securing venture capital	
C.	Finding an angel investor	
D.	Conducting an initial public offering	

**Global Incorrect Feedback**

The correct answer is: Getting debt financing. Businesses that can't get loans usually have to

sell equity rather than go into debt to finance their startup and operations.

**Question 21b of 25** ( 2 Initial public offering 227394 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Because investors are often unwilling to buy stock in a company without any financial track record, startup businesses have a difficult time doing which of the following?

	Choice	Feedback
*A.	Going public	Correct! IPOs are usually limited to businesses that have already started operations so that potential investors know better what they're getting into.
B.	Advertising effectively	
C.	Securing venture capital	
D.	Finding an angel investor	

**Global Incorrect Feedback**

The correct answer is: Going public. IPOs are usually limited to businesses that have already started operations so that potential investors know better what they're getting into.

**Question 21c of 25** ( 2 Initial public offering 227395 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Because venture capitalists (VCs) are usually looking for high returns in a short period of time, startup companies that wish to secure venture capital funding need to do which of the following?

	Choice	Feedback
A.	Offer stock options to the VC	
*B.	Present the VC with an exit strategy	Correct! VCs generally want an exit strategy so that they know they'll be able to get a good return on their investment.
C.	Increase their market share to more than 50 percent	
D.	Secure additional funding from an angel investor	

**Global Incorrect Feedback**

The correct answer is: Present the VC with an exit strategy. VCs generally want an exit strategy so that they'll be able to get a good return on their investment.

**Question 22a of 25** ( 2 Initial public offering 227396 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Businesses that wish to get loans from a private bank generally need to have which of the following?

	Choice	Feedback
A.	An exit strategy	
B.	A wealthy startup investor	
C.	An online advertising budget	
*D.	A history of profitable operation	Correct! Banks are generally risk-averse and only want to loan money when there's some expectation that the business will do well enough to pay the loan back.

**Global Incorrect Feedback**

The correct answer is: A history of profitable operation. Banks are generally risk-averse and only want to loan money when there's some expectation that the business will do well enough to pay the loan back.

**Question 22b of 25** ( 2 Initial public offering 227397 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** A business is unlikely to be able to secure a bank loan to fund its operations without which of the following?

	Choice	Feedback
A.	Seed capital	
B.	An exit strategy	
*C.	A stable operating history	Correct! Banks are generally risk-averse and only want to loan money when there's some expectation that the business will do well enough to pay the



		loan back.
D.	A successful initial public offering	

**Global Incorrect Feedback**

The correct answer is: A stable operating history. Banks are generally risk-averse and only want to loan money when there's some expectation that the business will do well enough to pay the loan back.

**Question 22c of 25** ( 2 Initial public offering 227398 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A business is unlikely to be able to secure startup capital from a venture capitalist without which of the following?

	Choice	Feedback
A.	A history of profitable operation	
B.	A plan for an initial public offering	
C.	An angel investor providing seed capital	
*D.	The expectation of success in a short period of time	Correct! Venture capitalists are looking for a high level of return very quickly.

**Global Incorrect Feedback**

The correct answer is: The expectation of success in a short period of time. Venture capitalists are looking for a high level of return very quickly.

**Question 23a of 25** ( 1 Initial public offering 227399 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following best describes the meaning of "going public"?

	Choice	Feedback
A.	When a company starts offering its products for sale	
B.	When a company is bought out by a government agency	
*C.	When a company begins selling shares of its stock to the public	Correct! A company goes public with an initial public offering (IPO), which involves

		the first sale of stock to the public.
D.	When a company issues Treasury bonds that can be bought by anyone	

**Global Incorrect Feedback**

The correct answer is: When a company begins selling shares of its stock to the public. A company goes public with an initial public offering (IPO), which involves the first sale of stock to the public.

**Question 23b of 25** ( 1 Initial public offering 227400 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following terms describes a company's first sale of stock to the public?

	Choice	Feedback
A.	Debt financing	
B.	Venture capital	
C.	Circular flow model	
*D.	Initial public offering	Correct! A company goes public with an initial public offering (IPO), which involves the first sale of stock to the public.

**Global Incorrect Feedback**

The correct answer is: Initial public offering. A company goes public with an initial public offering (IPO), which involves the first sale of stock to the public.

**Question 23c of 25** ( 1 Initial public offering 227401 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A company can raise money by doing all but which of the following?

	Choice	Feedback
A.	Taking a loan	
B.	Issuing bonds	
C.	Conducting an initial public offering	

<b>*D.</b>	Providing stock options to executives	Correct! Stock options are often provided during an IPO, but it is the IPO itself, not the stock options, that raises money for the company.
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**Global Incorrect Feedback**

The correct answer is: Providing stock options to executives. Stock options are often provided during an IPO, but it is the IPO itself, not the stock options, that raises money for the company.

### Question 24a of 25 ( 3 Initial public offering 227402 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes a condition that is LEAST favorable for conducting an IPO?

	Choice	Feedback
<b>A.</b>	A bubble	
<b>*B.</b>	A recession	Correct! When the economy is struggling as it is during a recession, it's difficult to have a successful IPO because investors don't have as much money to invest and they're generally looking for a more sure thing than any IPO can offer.
<b>C.</b>	A bear market	
<b>D.</b>	An economic boom	

**Global Incorrect Feedback**

The correct answer is: A recession. When the economy is struggling as it is during a recession, it's difficult to have a successful IPO because investors don't have as much money to invest and they're generally looking for a more sure thing than any IPO can offer.

### Question 24b of 25 ( 3 Initial public offering 227403 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following describes a condition that is favorable for conducting an IPO?

	Choice	Feedback
A.	A crash	
B.	A recession	
C.	A bear market	
*D.	A bull market	Correct! When prices in the stock market are rising, an IPO has a much better chance of success.

**Global Incorrect Feedback**

The correct answer is: A bull market. When prices in the stock market are rising, an IPO has a much better chance of success.

**Question 24c of 25** ( 3 Initial public offering 227404 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following would be most likely to lead to a successful IPO?

	Choice	Feedback
A.	An increase in the discount rate by the Fed	
*B.	A company offering an IPO during a bull market	Correct! When prices in the stock market are rising, an IPO has a much better chance of success.
C.	An Internet company offering a brand new service	
D.	A prospectus that is realistic about the company's debts	

**Global Incorrect Feedback**

The correct answer is: A company offering an IPO during a bull market. When prices in the stock market are rising, an IPO has a much better chance of success.

**Question 25a of 25** ( 2 Initial public offering 227405 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A company can secure additional capital without going into debt by doing which of the following?

	Choice	Feedback
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<b>*A.</b>	Going public	Correct! Going public is a form of equity financing that involves selling some ownership in the business rather than taking a loan.
<b>B.</b>	Taking a business loan	
<b>C.</b>	Buying out another company	
<b>D.</b>	Bargaining for wage reductions	

**Global Incorrect Feedback**

The correct answer is: Going public. Going public is a form of equity financing that involves selling some ownership in the business rather than taking a loan.

**Question 25b of 25** ( 2 Initial public offering 227406 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When a company goes public, there is often which of the following?

	Choice	Feedback
<b>A.</b>	An increase in debt payments	
<b>B.</b>	An increase in its bond rating	
<b>C.</b>	A reduction in productive efficiency	
<b>*D.</b>	Greater pressure to make bigger profits	Correct! With investors wanting their investment to pay off, the management of a publicly traded company faces stronger pressure to make higher profits.

**Global Incorrect Feedback**

The correct answer is: Greater pressure to make bigger profits. With investors wanting their investment to pay off, the management of a publicly traded company faces stronger pressure to make higher profits.

**Question 25c of 25** ( 2 Initial public offering 227407 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When a company goes public, it faces which of the following?

	Choice	Feedback
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<b>A.</b>	Hostile takeovers	
<b>B.</b>	Strengthened unions	
<b>C.</b>	Increased interest rates	
<b>*D.</b>	More government regulation	Correct! A publicly traded company faces government regulations regarding the public-disclosure of its finances and operations.

**Global Incorrect Feedback**

The correct answer is: More government regulation. A publicly traded company faces government regulations regarding the public-disclosure of its finances and operations.

---

PREVIEW

CLOSE

Quiz: Taxes and Tariffs

**Question 1a of 10** ( 2 Taxes 232021 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of taxation?

	Choice	Feedback
A.	To plan the economy	
B.	To redistribute wealth	
C.	To control international trade	
*D.	To provide government revenues	Correct! Taxation provides the government with the money it needs to do its job.

**Global Incorrect Feedback**

The correct answer is: To provide government revenues. Taxation provides the government with the money it needs to do its job.

**Question 1b of 10** ( 2 Taxes 232022 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the government need to collect taxes?

	Choice	Feedback
A.	To enable federal bureaucrats to plan the economy	
B.	To control the money supply and manage economic growth	
*C.	To pay for goods that won't be provided by the free market	Correct! The government needs money to provide public goods.
D.	To prevent foreign producers from destroying infant industries	

**Global Incorrect Feedback**

The correct answer is: To pay for goods that won't be provided by the free market. The government needs money to provide public

goods.

### Question 1c of 10 ( 2 Taxes 232023 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the reasoning behind forcing people to pay taxes in a free-market economy?

	Choice	Feedback
A.	To control the money supply and manage economic growth	
B.	To enable the government to pursue the goals of equity and security	
C.	To prevent foreign competitors from destroying essential domestic industries	
*D.	To provide revenues for government programs needed to protect the free market	Correct! The government needs money to ensure competition, protect consumers, and provide public goods.

#### Global Incorrect Feedback

The correct answer is: To provide revenues for government programs needed to protect the free market. The government needs money to ensure competition, protect consumers, and provide public goods.

### Question 2a of 10 ( 2 Taxes 232024 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a payroll tax?

	Choice	Feedback
A.	Road usage tax	
*B.	Social Security tax	Correct! The Social Security tax pays for one specific social program.
C.	State sales tax	
D.	Paycheck withholding	

#### Global Incorrect Feedback

The correct answer is: Social Security tax. The Social Security tax pays for one specific social



program.

---

### Question 2b of 10 ( 2 Taxes 232025 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a tax on consumption?

	Choice	Feedback
*A.	Cigarette tax	Correct! Whenever a specific product is taxed, that's a tax on consumption.
B.	Real estate tax	
C.	Medicare tax	
D.	Social Security tax	

#### Global Incorrect Feedback

The correct answer is: Cigarette tax. Whenever a specific product is taxed, that's a tax on consumption.

---

### Question 2c of 10 ( 2 Taxes 232026 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a tax on wealth?

	Choice	Feedback
A.	Cigarette tax	
*B.	Real estate tax	Correct! Whenever property is taxed, that's a tax on wealth.
C.	State sales tax	
D.	Social Security tax	

#### Global Incorrect Feedback

The correct answer is: Real estate tax. Whenever property is taxed, that's a tax on wealth.

---

### Question 3a of 10 ( 1 Taxes 232027 )

Maximum Attempts: 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the items below into the correct order to show the process by which individuals have their federal income tax collected.

**Correct Answer:**

1. Paycheck withholding
2. Tax return filing
3. Tax payment or refund

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: 1. Paycheck withholding, 2. Tax return filing, 3. Tax payment or refund.

---

### Question 3b of 10 ( 1 Taxes 232028 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps into the correct order to show the process by which individuals have their federal income tax collected.

**Correct Answer:**

1. The employer withholds estimated taxes.
2. The taxpayer files a tax return.
3. The government receives a tax payment or gives a tax refund.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: 1. The employer withholds estimated taxes, 2. The taxpayer files a tax return, 3. The government receives a tax payment or gives a tax refund.

---

### Question 3c of 10 ( 1 Taxes 232029 )

Maximum Attempts: 1

Question Type: Ordering

Maximum Score: 2

Question: Put the steps in the correct order that an individual pays their federal income tax.

Correct Answer:

1. Estimated tax withheld from the paycheck.
2. Tax return filed with the IRS.
3. Tax payment made or tax refund received.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: 1. Estimated tax withheld from the paycheck, 2. Tax return filed with the IRS, 3. Tax payment made or tax refund received.

---

### Question 4a of 10 ( 2 Taxes 232030 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How are payroll taxes different from personal income taxes?

	Choice	Feedback
A.	They tax consumption rather than wealth.	
B.	They increase the purchasing power of consumers rather than decreasing it.	
C.	They reduce the demand for harmful goods rather than increasing this demand.	
*D.	They pay for specific social programs rather than general government activities.	Correct! Payroll taxes are targeted to support specific government activities such as the Social Security program.

#### Global Incorrect Feedback

The correct answer is: They pay for specific social programs rather than general government activities. Payroll taxes are targeted to support specific government activities such as the Social

Security program.

### Question 4b of 10 ( 2 Taxes 232031 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the difference between an income tax and a payroll tax?

	Choice	Feedback
*A.	Income taxes are used for a wide variety of government activities while payroll taxes pay for specific programs.	Correct! Payroll taxes are used to support specific government activities, such as the Social Security program, while income taxes are used to support the government in general.
B.	Income taxes are collected based on income while payroll taxes are collected based on wealth.	
C.	Income taxes reduce the demand for harmful goods while payroll taxes don't affect this demand.	
D.	Income taxes increase the purchasing power of the government while payroll taxes increase the purchasing power of workers.	

#### Global Incorrect Feedback

The correct answer is: Income taxes are used for a wide variety of government activities while payroll taxes pay for specific programs. Payroll taxes are used to support specific government activities, such as the Social Security program, while income taxes are used to support the government in general.

### Question 4c of 10 ( 2 Taxes 232032 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of payroll taxes?

	Choice	Feedback
A.	To decrease purchasing power	
*B.	To pay for specific social programs	Correct! Payroll taxes are targeted to support specific government activities such as the Social Security program.

C.	To provide government revenues	
D.	To reduce demand for harmful goods	

**Global Incorrect Feedback**

The correct answer is: To pay for specific social programs. Payroll taxes are targeted to support specific government activities such as the Social Security program.

**Question 5a of 10** ( 3 Taxes 232033 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Sales tax	C.	0.5% charged on the value of a home.
B. Excise tax	A.	5% charged on purchases of luxury goods.
C. Property tax	B.	10% tax charged on each gallon of gas.

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Sales tax: 5% charged on purchases of luxury goods; Excise tax: 10% tax charged on each gallon of gas; Property tax: 0.5% charged on the value of a home.

**Question 5b of 10** ( 3 Taxes 232034 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Property tax	A.	1% charged on the value of a home.
B. Personal income tax	C.	2% charged on profits from selling a house.

C. Capital gains tax	B.	20% charged on wages earned.
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<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Property tax: 1% charged on the value of a home; Personal income tax: 20% charged on wages earned; Capital gains tax: 2% charged on profits from selling a house.

### Question 5c of 10 ( 3 Taxes 232035 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Sales tax	B.	20% tax charged on each pack of cigarettes.
B. Excise tax	C.	15% charged on profits from selling commodities.
C. Capital gains tax	A.	8% charged on purchases of luxury goods.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Sales tax: 8% charged on purchases of luxury goods; Excise tax: 20% tax charged on each pack of cigarettes; Capital gains tax: 15% charged on profits from selling commodities.

### Question 6a of 10 ( 2 Taxes 232036 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is a progressive tax?

	Choice	Feedback
A.	A tax that raises prices on imports	
B.	A tax that pays for specific social programs	
*C.	A tax that charges more for higher incomes	Correct! Progressive taxation is based on the ability-to-pay principle, so more taxes are charged to those with greater incomes.
D.	A tax that reduces demand for harmful activities	

**Global Incorrect Feedback**

The correct answer is: A tax that charges more for higher incomes. Progressive taxation is based on the ability-to-pay principle, so more taxes are charged to those with greater incomes.

---

**Question 6b of 10** ( 2 Taxes 232037 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is the principle that justifies a regressive tax?

	Choice	Feedback
A.	The ability-to-pay principle	
*B.	The benefits-received principle	Correct! Regressive taxation takes a larger percentage from the income of low-income people because these are the people who use most of the government services.
C.	The principle of diminishing marginal returns	
D.	The principle of taxation without representation	

**Global Incorrect Feedback**

The correct answer is: The benefits-received principle. Regressive taxation takes a larger percentage from the income of low-income people because these are the people who use most of the government services.

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**Question 6c of 10** ( 2 Taxes 232038 )

**Maximum Attempts:** 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What's the purpose of income tax brackets?

	Choice	Feedback
<b>*A.</b>	To enable the progressive taxation of income	Correct! Progressive taxation requires taking a larger percentage from the income of high-income people, so there needs to be a method of correlating income levels and taxation percentages.
<b>B.</b>	To maintain a minimum income level	
<b>C.</b>	To distribute social support to the needy	
<b>D.</b>	To punish the use of income for harmful activities	

**Global Incorrect Feedback**

The correct answer is: To enable the progressive taxation of income. Progressive taxation requires taking a larger percentage from the income of high-income people, so there needs to be a method of correlating income levels and taxation percentages.

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**Question 7a of 10** ( 3 Tariffs 232039 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does not increase the price of certain goods?

	Choice	Feedback
<b>A.</b>	Tariffs	
<b>B.</b>	Sales taxes	
<b>C.</b>	Excise taxes	
<b>*D.</b>	Property taxes	Correct! Property taxes are charged on the value of property owned, not on the purchase of property.

**Global Incorrect Feedback**

The correct answer is: Property taxes. Property taxes are charged on the value of property owned, not on the purchase of property.

---

**Question 7b of 10** ( 3 Tariffs 232040 )

Maximum Attempts: 1



Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these increases the price of certain foreign-made goods?

	Choice	Feedback
*A.	An import tariff	Correct! Tariffs are charged on imported goods, and the cost of the tariff is passed on to the consumer in the form of higher prices.
B.	An excise tax	
C.	A sales tax	
D.	An income tax	

**Global Incorrect Feedback**

The correct answer is: An import tariff. Tariffs are charged on imported goods, and the cost of the tariff is passed on to the consumer in the form of higher prices.

---

**Question 7c of 10** ( 3 Tariffs 232041 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the effect of an import tariff charged on a particular good?

	Choice	Feedback
A.	Foreign competitors are given an advantage.	
B.	Production costs for producers are increased.	
*C.	The price paid by consumers is increased.	Correct! Tariffs are charged on imported goods, and the cost of the tariff is passed on to the consumer in the form of higher prices.
D.	Wages for immigrants are raised above a minimum.	

**Global Incorrect Feedback**

The correct answer is: The price paid by consumers is increased. Tariffs are charged on imported goods, and the cost of the tariff is passed on to the consumer in the form of higher prices.

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**Question 8a of 10** ( 2 Tariffs 232042 )

Maximum Attempts: 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of tariff with its purpose.

Choice Text	Correct Match	Match Text
A. Revenue tariff	A.	Earn money for the government
B. Protective tariff	C.	Engage in a trade war
C. Retaliatory tariff	B.	Help domestic producers

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Revenue tariff: Earn money for the government; Protective tariff: Help domestic producers; Retaliatory tariff: Engage in a trade war.

### Question 8b of 10 ( 2 Tariffs 232043 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of tariff with an example of its use.

Choice Text	Correct Match	Match Text
A. Revenue tariff	A.	A 6% tariff on oranges to provide money for the government.
B. Protective tariff	B.	A 50% tariff on oranges to shield domestic orange growers from international competition.
C. Retaliatory tariff	C.	A 200% tariff on oranges to reply to a high tariff imposed by another country.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Revenue tariff: A 6% tariff on oranges to provide money for the government; Protective tariff: A 50% tariff on

	oranges to shield domestic orange growers from international competition; Retaliatory tariff: A 200% tariff on oranges to reply to a high tariff imposed by another country.
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### Question 8c of 10 ( 2 Tariffs 232044 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tariff with an example of its use.

Choice Text	Correct Match	Match Text
A. Revenue tariff	B.	A 50% tariff on sugar to keep domestic sugar producers in business
B. Protective tariff	A.	A 5% tariff on sugar to generate public revenue
C. Retaliatory tariff	C.	A 500% tariff on sugar to reply to a high tariff imposed by another country

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Revenue tariff: A 5% tariff on sugar to generate public revenue; Protective tariff: A 50% tariff on sugar to keep domestic sugar producers in business; Retaliatory tariff: A 500% tariff on sugar to reply to a high tariff imposed by another country.

### Question 9a of 10 ( 2 WTO 232047 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of the World Trade Organization?

	Choice	Feedback
*A.	To promote free trade around the world	Correct! The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free trade agreements.

B.	To enable the collection of import tariffs	
C.	To provide a forum for exchanging currencies	
D.	To facilitate international distribution of goods	

**Global Incorrect Feedback**

The correct answer is: To promote free trade around the world. The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free trade agreements.

**Question 9b of 10** ( 2 WTO 232048 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which organization attempts to promote free trade around the world?

	Choice	Feedback
A.	The Federal Reserve Bank (FED)	
B.	The Internal Revenue Service (IRS)	
*C.	The World Trade Organization (WTO)	Correct! The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free trade agreements.
D.	The Securities and Exchange Commission (SEC)	

**Global Incorrect Feedback**

The correct answer is: The World Trade Organization (WTO). The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free trade agreements.

**Question 9c of 10** ( 2 WTO 232049 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What are Normal Trade Relations?

	Choice	Feedback
A.	A process for collecting a set tariff on specific imported goods	

B.	A multilateral approach to promoting free trade around the world	
C.	An agreement to peg a floating currency to a more stable currency	
*D.	A treaty to create favorable trade terms between two nations	Correct! Countries with NTR treaties give each other the best trade terms than they give anybody else, usually as very low tariffs.

**Global Incorrect Feedback**

The correct answer is: A treaty to create favorable trade terms between two nations. Countries with NTR treaties give each other the best trade terms than they give anybody else, usually as very low tariffs

**Question 10a of 10** ( 2 Differences between taxes and tariffs 232050 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What's the difference between a tax and a tariff?

	Choice	Feedback
A.	Taxes are charged on income while tariffs are charged on sales.	
*B.	Taxes are collected internally while tariffs are collected on imports.	Correct! Taxes are paid on domestic economic activity while tariffs are paid on international trade.
C.	Taxes are a form of public revenues while tariffs are a form of public debt.	
D.	Taxes are spent on social support programs while tariffs are spent on national defense.	

**Global Incorrect Feedback**

The correct answer is: Taxes are collected internally while tariffs are collected on imports. Taxes are paid on domestic economic activity while tariffs are paid on international trade.

**Question 10b of 10** ( 2 Differences between taxes and tariffs 232051 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Choose the pair of phrases that correctly completes this sentence:

taxes are charged \_\_\_\_\_ while tariffs are charged \_\_\_\_\_.

	Choice	Feedback
A.	on income; on sales	
B.	to citizens; to immigrants	
*C.	internally; on imports	Correct! Taxes are paid on domestic economic activity while tariffs are paid on international trade.
D.	for regulation; for protection	

**Global Incorrect Feedback**

The correct answer is: internally; on imports. Taxes are paid on domestic economic activity while tariffs are paid on international trade.

**Question 10c of 10** ( 2 Differences between taxes and tariffs 232052 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What explains the difference between a tax and a tariff?

	Choice	Feedback
A.	Taxes are charged on income and wealth while tariffs are charged on sales.	
B.	Taxes are a form of public revenues while tariffs are a form of public debt.	
C.	Taxes are spent on social support programs while tariffs are spent on national defense.	
*D.	Taxes are paid on domestic economic activity while tariffs are paid on international trade.	Correct! Taxes are a form of public revenues while tariffs are a form of public debt.

**Global Incorrect Feedback**

The correct answer is: Taxes are paid on domestic economic activity while tariffs are paid on international trade. Taxes are collected internally while tariffs are collected on imports.

PREVIEW

CLOSE

Quiz: The Government Is a Consumer

**Question 1a of 10** ( 1 Federal budget 232391 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In the United States, who first proposes the federal budget?

	Choice	Feedback
A.	Congress	
B.	the citizens	
*C.	the president	Correct! Congress eventually approves the final budget, but the president submits a budget proposal before Congress begins its work on the budget.
D.	state governors	

**Global Incorrect Feedback**

The correct answer is: the president. Congress eventually approves the final budget, but the president submits a budget proposal before Congress begins its work on the budget.

**Question 1b of 10** ( 1 Federal budget 232392 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which government agency is responsible for preparing a budget proposal for the president to submit to Congress?

	Choice	Feedback
A.	the Federal Reserve	
B.	the Treasury Department	
*C.	the Office of Management and Budget (OMB)	Correct! The OMB is the executive agency that reviews all the specific budget requests submitted by various government agencies and departments and makes recommendations to the president.
D.	the Securities and Exchange Commission (SEC)	

**Global Incorrect Feedback**

The correct answer is: the Office of Management and Budget (OMB). The OMB is the executive agency that reviews all the specific budget requests submitted by various government agencies and departments and makes recommendations to the president.

**Question 1c of 10** ( 1 Federal budget 232393 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Who has to approve the budget of the U.S. government?

	Choice	Feedback
A.	the Fed	
*B.	Congress	Correct! The budget is originally proposed by the president, but it is approved by Congress.
C.	the president	
D.	the citizens	

**Global Incorrect Feedback**

The correct answer is: Congress. The budget is originally proposed by the president, but it is approved by Congress.

**Question 2a of 10** ( 1 Federal budget 232394 )**Maximum Attempts:** 1**Question Type:** Ordering**Maximum Score:** 2**Question:** Put the following steps in the federal budget process in the correct order, from start to finish.**Correct Answer:**

1. The Office of Management and Budget (OMB) prepares a budget proposal.
2. The president submits a budget proposal to Congress.
3. Congress decides on the overall level of spending and taxation.
4. Congress passes specific spending bills.
5. The president signs spending bills into law.

Attempt	Incorrect Feedback
1st	



	<b>Correct Feedback</b>
	Correct! The president gets a preliminary budget proposal from the OMB, then submits a finalized proposal to Congress, which first decides on the overall level of spending and taxation and then passes specific spending bills that the president signs into law.

	<b>Global Incorrect Feedback</b>
	The correct answer is: 1. The Office of Management and Budget (OMB) prepares a budget proposal; 2. The president submits a budget proposal to Congress; 3. Congress decides on the overall level of spending and taxation; 4. Congress passes specific spending bills; 5. The president signs spending bills into law.

### Question 2b of 10 ( 1 Federal budget 232395 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the following steps into the correct order, from start to finish, to show how the budget of the federal government is created.

**Correct Answer:**

1. The Office of Management and Budget (OMB) prepares a preliminary budget proposal for the president.
2. The president finalizes the budget proposal and submits it to Congress.
3. Congress decides on the overall level of spending and taxation and passes specific spending bills.
4. The president signs the spending bills into law.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct! The president gets a preliminary budget proposal from the OMB, then submits a finalized proposal to Congress, which first decides on the overall level of spending and taxation and then passes specific spending bills that the president signs into law.

	<b>Global Incorrect Feedback</b>
	The correct answer is: 1. The Office of Management and Budget (OMB) prepares a preliminary budget proposal for the president;

	2. The president finalizes the budget proposal and submits it to Congress; 3. Congress decides on the overall level of spending and taxation and passes specific spending bills; 4. The president signs the spending bills into law.
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**Question 2c of 10** ( 1 Federal budget 232396 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the following steps involved in creating the federal budget in their correct order, from start to finish.

**Correct Answer:**

1. The Office of Management and Budget (OMB) prepares a budget proposal.
2. The president submits a budget proposal to Congress.
3. Congress decides on the overall level of spending and taxation and passes specific spending bills.
4. The president signs the spending bills into law.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! The president gets a preliminary budget proposal from the OMB, then submits a finalized proposal to Congress, which first decides on the overall level of spending and taxation and then passes specific spending bills that the president signs into law.

	Global Incorrect Feedback
	The correct answer is: 1. The Office of Management and Budget (OMB) prepares a budget proposal; 2. The president submits a budget proposal to Congress; 3. Congress decides on the overall level of spending and taxation and passes specific spending bills; 4. The president signs the spending bills into law.

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**Question 3a of 10** ( 2 Federal budget 232397 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What does a budget reveal about a government?

	Choice	Feedback
A.	the size of its national debt	
B.	its monetary policy proposals	
C.	the type of taxation that is used	
*D.	its financial priorities and goals	Correct! The budget is a spending plan that shows where and how a government will spend its money, revealing the programs and services that it considers important enough to fund.

**Global Incorrect Feedback**

The correct answer is: its financial priorities and goals. The budget is a spending plan that shows where and how a government will spend its money, revealing the programs and services that it considers important enough to fund.

**Question 3b of 10** ( 2 Federal budget 232398 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does a government budget reveal?

	Choice	Feedback
A.	the list of defense industry contractors	
*B.	the spending plan for the fiscal year	Correct! The budget is a spending plan that shows where and how the government will spend its money, revealing the programs and services that it considers important enough to fund.
C.	the Fed's monetary policy proposals	
D.	the type of taxation that is used	

**Global Incorrect Feedback**

The correct answer is: the spending plan for the fiscal year. The budget is a spending plan that shows where and how the government will spend its money, revealing the programs and services that it considers important enough to fund.

**Question 3c of 10** ( 2 Federal budget 232399 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does the budget of the U.S. government represent?

	Choice	Feedback
A.	a statement justifying the provision of public goods	
B.	an approach to taxation, tariffs, and monetary policy	
C.	a plan for borrowing money to cover the national debt	
*D.	an agreement among various politicians about public spending	Correct! In the United States, the federal budget is created through the cooperation of the executive and legislative branches.

**Global Incorrect Feedback**

The correct answer is: an agreement among various politicians about public spending. In the United States, the federal budget is created through the cooperation of the executive and legislative branches.

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**Question 4a of 10** ( 2 Federal budget 232400 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of approving "pork barrel" spending?

	Choice	Feedback
A.	to protect domestic farmers	
*B.	to win political support	Correct! Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.
C.	to limit immigration	
D.	to help labor unions	

**Global Incorrect Feedback**

The correct answer is: to win political support. Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.

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**Question 4b of 10** ( 2 Federal budget 232401 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What do politicians use to win support from their constituents?

	Choice	Feedback
A.	transfer payments	
B.	progressive taxation	
*C.	pork barrel spending	Correct! Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.
D.	government contracts	

**Global Incorrect Feedback**

The correct answer is: pork barrel spending. Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.

---

**Question 4c of 10** ( 2 Federal budget 232402 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What does "pork barrel" spending achieve?

	Choice	Feedback
*A.	It helps politicians win support from their constituents.	Correct! Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.
B.	It enables the government to build critical infrastructure.	
C.	It provides the poor and the elderly with necessary financial support.	
D.	It protects domestic farmers from international competition.	

**Global Incorrect Feedback**

The correct answer is: It helps politicians win support from their constituents. Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.

---

### Question 5a of 10 ( 2 Federal budget 232404 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one way that the government *cannot* prevent a budget deficit?

	Choice	Feedback
A.	raising taxes	
B.	issuing bonds	
*C.	selling stocks	Correct! The government cannot sell partial ownership in itself in order to raise money.
D.	cutting spending	

#### Global Incorrect Feedback

The correct answer is: selling stocks. The government cannot sell partial ownership in itself in order to raise money.

---

### Question 5b of 10 ( 2 Federal budget 232405 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a way the government can cover a budget deficit?

	Choice	Feedback
A.	raise taxes	
B.	issue bonds	
C.	cut spending	
*D.	exchange currency	Correct! The government can exchange currency if needed to pay off foreign creditors, but this will not raise money to cover a budget deficit.

#### Global Incorrect Feedback

The correct answer is: exchange currency. The government can exchange currency if needed to pay off foreign creditors, but this will not raise money to cover a budget deficit.

---

### Question 5c of 10 ( 2 Federal budget 232406 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is *not* a way the government can cover a budget deficit?

	Choice	Feedback
A.	raising taxes	
*B.	selling stocks	Correct! The government cannot sell partial ownership of itself in order to raise money.
C.	issuing bonds	
D.	borrowing from banks	

**Global Incorrect Feedback**

The correct answer is: selling stocks. The government cannot sell partial ownership of itself in order to raise money.

---

**Question 6a of 10** ( 2 Types of goods 232407 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why is it necessary for the government to force people to pay taxes?

	Choice	Feedback
A.	People with high incomes don't want to pay higher taxes.	
B.	Many people object to the transfer payments that taxes cover.	
C.	Defense contracts charge the government high prices to provide weapons.	
*D.	The public goods the government provides suffer from a free-rider problem.	Correct! The free market is incapable of providing public goods because they are non-excludable.

**Global Incorrect Feedback**

The correct answer is: The public goods the government provides suffer from a free-rider problem. The free market is incapable of providing public goods because they are non-excludable.

---

**Question 6b of 10** ( 2 Types of goods 232408 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why must public goods be provided by the government instead of the free market?

	Choice	Feedback
*A.	Public goods are non-excludable, so they suffer from a free-rider problem.	Correct! Because public goods can be enjoyed without paying and profit is impossible, the free market fails to provide them.
B.	Public goods provide security that is essential to living a free life.	
C.	Public goods are desirable, so citizens demand government action.	
D.	Public goods prevent foreign competition from hurting domestic producers.	

**Global Incorrect Feedback**

The correct answer is: Public goods are non-excludable, so they suffer from a free-rider problem. Because public goods can be enjoyed without paying and profit is impossible, the free market fails to provide them.

---

**Question 6c of 10** ( 2 Types of goods 232409 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why do governments provide public goods?

	Choice	Feedback
A.	Public goods are necessary to achieve equity and growth.	
B.	Voters demand a wide variety of services from the government.	
*C.	The free market is incapable of providing these essential goods.	Correct! Public goods suffer from a free-rider problem, so the government must provide them because the free market won't.
D.	Politicians can win support from constituents by providing public goods.	

**Global Incorrect Feedback**

The correct answer is: The free market is incapable of providing these essential goods. Public goods suffer from a free-rider problem.



so the government must provide them because the free market won't.

### Question 7a of 10 ( 3 Types of goods 232410 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of good with the sample good it represents.

Choice Text	Correct Match	Match Text
A. merit good	B.	national security
B. public good	A.	education
C. individual good	C.	food

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: merit good: education; public good: national security; individual good: food.

### Question 7b of 10 ( 3 Types of goods 232411 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each sample good with the type of good it represents.

Choice Text	Correct Match	Match Text
A. health care	C.	individual good
B. infrastructure	A.	merit good
C. automobiles	B.	public good

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: health care: merit good; infrastructure: public good; automobiles: individual good.

### Question 7c of 10 ( 3 Types of goods 232412 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each sample good with the type of good it represents.

Choice Text	Correct Match	Match Text
A. education	C.	individual good
B. infrastructure	A.	merit good
C. food	B.	public good

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: education: merit good; infrastructure: public good; food: individual good.

### Question 8a of 10 ( 2 Government production 232413 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one difference between government corporations and government contractors?

	Choice	Feedback
A.	Government corporations provide social services while government contractors produce public goods.	
*B.	Government corporations are in the public sector while government contractors are in the private sector.	Correct! Contractors are private companies while government corporations are set up and regulated by the public.
C.	Government corporations are run directly by	

	the government while government contractors are run independently.	
<b>D.</b>	Government corporations are heavily regulated while government contractors are free to run their operations any way they choose.	

**Global Incorrect Feedback**

The correct answer is: Government corporations are in the public sector while government contractors are in the private sector. Contractors are private companies while government corporations are set up and regulated by the public.

**Question 8b of 10** ( 2 Government production 232414 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is one difference between government agencies and government corporations?

	Choice	Feedback
<b>A.</b>	Government agencies provide social services while government corporations provide public goods.	
<b>B.</b>	Government agencies are in the public sector while government corporations are in the private sector.	
<b>*C.</b>	Government agencies are run directly by the government while government corporations are run independently.	Correct! Both government agencies and government corporations are set up by the government, but government corporations are then put into independent hands.
<b>D.</b>	Government agencies are heavily regulated while government contractors are free to run their operations any way they choose.	

**Global Incorrect Feedback**

The correct answer is: Government agencies are run directly by the government while government corporations are run independently. Both government agencies and government corporations are set up by the government, but government corporations are then put into independent hands.

**Question 8c of 10** ( 2 Government production 232415 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is one difference between government agencies and government contractors?

	Choice	Feedback
	<b>*A.</b> Government agencies are in the public sector while government contractors are in the private sector.	Correct! Contractors are private companies while government agencies are set up and run by the public through the government.
	<b>B.</b> Government agencies provide social services while government contractors produce public goods.	
	<b>C.</b> Government agencies protect consumers while government contractors ensure competition.	
	<b>D.</b> Government agencies are controlled by Congress while government contractors are controlled by the president.	

**Global Incorrect Feedback**

The correct answer is: Government agencies are in the public sector while government contractors are in the private sector. Contractors are private companies while government agencies are set up and run by the public through the government.

---

**Question 9a of 10** ( 3 Government production 232416 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each organization with its correct relationship to the government.

Choice Text	Correct Match	Match Text
<b>A.</b> Securities and Exchange Commission (SEC)	<b>B.</b>	government corporation
<b>B.</b> Amtrak	<b>C.</b>	government contractor
<b>C.</b> Lockheed Martin	<b>A.</b>	government agency

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Securities and Exchange Commission (SEC): government agency; Amtrak: government corporation; Lockheed Martin: government contractor.

**Question 9b of 10** ( 3 Government production 232417 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each organization with its correct relationship to the government.

Choice Text	Correct Match	Match Text
A. Social Security Administration	A.	government agency
B. U.S. Postal Service	C.	government contractor
C. Boeing	B.	government corporation

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Social Security Administration: government agency; U.S. Postal Service: government corporation; Boeing: government contractor.

**Question 9c of 10** ( 3 Government production 232418 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each organization with its correct relationship to the government.

Choice Text	Correct Match	Match Text
A. Department of Justice	C.	government contractor
B. Corporation for Public Broadcasting	B.	government corporation
C. Grumman Corporation	A.	government agency

<b>Attempt</b>	<b>Incorrect Feedback</b>
----------------	---------------------------

1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Department of Justice: government agency; Corporation for Public Broadcasting: government corporation; Grumman Corporation: government contractor.

**Question 10a of 10** ( 2 Government production 232419 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What makes government contracts unique?

	Choice	Feedback
A.	They involve competitive bidding.	
B.	They aren't part of the federal budget.	
C.	They are paid off with bonds instead of money.	
*D.	They create obligations normally applied to government agencies.	Correct! Private businesses must comply with the same obligations that govern all government operations, including the responsibility to maintain a drug-free workplace and enforce non-discrimination policies.

<b>Global Incorrect Feedback</b>
The correct answer is: They create obligations normally applied to government agencies. Private businesses must comply with the same obligations that govern all government operations, including the responsibility to maintain a drug-free workplace and enforce non-discrimination policies.

**Question 10b of 10** ( 2 Government production 232420 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why does the government sometimes use no-bid contracts?

	Choice	Feedback
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<b>*A.</b>	to protect national security	Correct! Normally, government contracts must be awarded in full and open competition, but considerations of secrecy and national security can override that requirement.
<b>B.</b>	to prevent fraud	
<b>C.</b>	to allow for a balanced budget	
<b>D.</b>	to avoid budget deficits	

**Global Incorrect Feedback**

The correct answer is: to protect national security. Normally, government contracts must be awarded in full and open competition, but considerations of secrecy and national security can override that requirement.

**Question 10c of 10** ( 2 Government production 232421 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In what situation would the government use a no-bid contract?

	Choice	Feedback
<b>A.</b>	to produce a public good	
<b>B.</b>	if tariff revenues are high	
<b>*C.</b>	in the case of an emergency	Correct! Normally, government contracts must be awarded in full and open competition, but situations of compelling urgency can override that requirement.
<b>D.</b>	when there's a budget surplus	

**Global Incorrect Feedback**

The correct answer is: in the case of an emergency. Normally, government contracts must be awarded in full and open competition, but situations of compelling urgency can override that requirement.

PREVIEW

CLOSE

Quiz: The Government Is a Referee

Question 1a of 10 ( 2 Unfair business practices 232473 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the government need to regulate the free market to protect competition?

	Choice	Feedback
A.	Competition by itself cannot make companies efficient and innovative.	
*B.	Producers driven by the profit motive seek to reduce their competition.	Correct! Eliminating competition enables producers to charge higher prices and make greater profits.
C.	The government would always have a budget surplus if it didn't protect competition.	
D.	Foreign producers are able to undersell domestic producers and drive them out of business.	

Global Incorrect Feedback

The correct answer is: Producers driven by the profit motive seek to reduce their competition. Eliminating competition enables producers to charge higher prices and make greater profits.

Question 1b of 10 ( 2 Unfair business practices 232474 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these gives companies an anticompetitive impulse?

	Choice	Feedback
A.	efficiency	
B.	market research	
*C.	the profit motive	Correct! Eliminating competition enables producers to charge higher prices and make greater profits.
D.	consumer behavior	

Global Incorrect Feedback



The correct answer is: the profit motive.  
Eliminating competition enables producers to charge higher prices and make greater profits.

**Question 1c of 10** ( 2 Unfair business practices 232475 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one effect of the profit motive?

	Choice	Feedback
*A.	It pushes companies to seek to eliminate competition.	Correct! Eliminating competition enables producers to charge higher prices and make greater profits.
B.	It gives companies an incentive to raise wages.	
C.	It enables the government to have a budget surplus.	
D.	It prevents foreign companies from underselling domestic producers.	

**Global Incorrect Feedback**

The correct answer is: It pushes companies to seek to eliminate competition. Eliminating competition enables producers to charge higher prices and make greater profits.

**Question 2a of 10** ( 1 Unfair business practices 232476 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is a cartel?

	Choice	Feedback
A.	a government agency protecting the rights of consumers	
B.	an association of labor unions working toward higher wages	
C.	an organization of countries attempting to lower trade barriers	
*D.	a group of producers working together to raise prices and profits	Correct! Cartels use price fixing and production limitation to increase the profits of their members.

**Global Incorrect Feedback**

The correct answer is: a group of producers working together to raise prices and profits. Cartels use price fixing and production limitation to increase the profits of their members.

---

**Question 2b of 10** ( 1 Unfair business practices 232477 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of these is a group of producers working together to raise prices and increase profits?

	Choice	Feedback
A.	a labor union	
*B.	a cartel	Correct! Cartels use price fixing and production limitation to increase the profits of their members.
C.	a trading bloc	
D.	defense contractors	

**Global Incorrect Feedback**

The correct answer is: a cartel. Cartels use price fixing and production limitation to increase the profits of their members.

---

**Question 2c of 10** ( 1 Unfair business practices 232478 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** What unfair business practice do cartels use?

	Choice	Feedback
A.	bid rigging	
B.	predatory pricing	
*C.	price fixing	Correct! Cartels are groups of producers that agree to forgo competition and charge high prices in order to make greater profits.
D.	making misleading statements	

**Global Incorrect Feedback**

The correct answer is: price fixing. Cartels are groups of producers that agree to forgo competition and charge high prices in order to make greater profits.

**Question 3a of 10** ( 3 Unfair business practices 232479 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each unfair business practice with an example of its use.

Choice Text	Correct Match	Match Text
A. predatory pricing	C.	A group of music companies agrees to charge \$20 for CDs.
B. making misleading statements	A.	A large furniture maker charges a price below production cost in order to eliminate small competitors.
C. price fixing	B.	A coffee maker falsely claims that its drinks reduce the incidence of heart attacks.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: predatory pricing: A large furniture maker charges a price below production cost in order to eliminate small competitors; making misleading statements: A coffee maker falsely claims that its drinks reduce the incidence of heart attacks; price fixing: A group of music companies agrees to charge \$20 for CDs.

**Question 3b of 10** ( 3 Unfair business practices 232480 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each action with the unfair business practice it represents.

Choice Text	Correct Match	Match Text
A. bid rigging	A.	A defense contractor gets its competitors to agree not to enter bids.
B. production limitation	C.	A group of oil companies agrees to charge \$3 for a gallon of

		gas.
C. price fixing	B.	A cartel of sugar growers agrees to reduce the amount of sugar it brings to market.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: bid rigging: A defense contractor gets its competitors to agree not to enter bids; production limitation: A cartel of sugar growers agrees to reduce the amount of sugar it brings to market; price fixing: A group of oil companies agrees to charge \$3 for a gallon of gas.

**Question 3c of 10** ( 3 Unfair business practices 232481 )

**Maximum Attempts:** 1  
**Question Type:** Matching  
**Maximum Score:** 2  
**Question:** Match each type of unfair business practice with its description.

Choice Text	Correct Match	Match Text
A. vendor lock-in	B.	A group of companies agrees to charge the same inflated price for a good.
B. price fixing	A.	A company says that a wide range of products can be used with its product, which is not actually true.
C. predatory pricing	C.	A large company charges a price below production cost in order to eliminate small competitors.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: vendor lock-in: A company says that a wide range of products can be used with its product, which is not actually true; price fixing: A group of companies agrees to charge the same inflated price for a good; predatory pricing: A large company charges a

	price below production cost in order to eliminate small competitors.
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**Question 4a of 10** ( 2 Consumer protection regulations 232482 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is one benefit of consumer-protection regulations?

	Choice	Feedback
A.	a switch to progressive taxation	
B.	an increase in government power	
*C.	a reduction in injuries and deaths	Correct! Many consumer-protection regulations provide for safer products that reduce harm to consumers.
D.	higher prices charged by producers	

**Global Incorrect Feedback**

The correct answer is: a reduction in injuries and deaths. Many consumer-protection regulations provide for safer products that reduce harm to consumers.

---

**Question 4b of 10** ( 2 Consumer protection regulations 232483 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is one benefit of consumer-protection regulations?

	Choice	Feedback
A.	increased costs to business	
B.	higher prices for consumers	
C.	broadened government power	
*D.	greater consumer confidence	Correct! When consumers know that they are protected, they have more confidence that the products they buy are safe and truthfully advertised.

**Global Incorrect Feedback**

The correct answer is: greater consumer confidence. When consumers know that they are protected, they have more confidence that the products they buy are safe and truthfully

advertised.

---

**Question 4c of 10** ( 2 Consumer protection regulations 232484 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is one drawback to consumer-protection regulations?

	Choice	Feedback
*A.	higher prices for consumers	Correct! Complying with consumer-protection regulations costs producers money, and they pass these costs along to consumers.
B.	workplace safety	
C.	reduced tariff levels	
D.	streamlined production	

**Global Incorrect Feedback**

The correct answer is: higher prices for consumers. Complying with consumer-protection regulations costs producers money, and they pass these costs along to consumers.

---

**Question 5a of 10** ( 2 Consumer protection regulations 232485 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What do consumer-advocacy groups do?

	Choice	Feedback
A.	regulate businesses	
B.	misrepresent products	
C.	contract with the government	
*D.	promote the interest of consumers	Correct! Consumer-advocacy groups provide product information and advice to help consumers protect themselves.

**Global Incorrect Feedback**

The correct answer is: promote the interest of consumers. Consumer-advocacy groups provide product information and advice to help consumers protect themselves.

---

### Question 5b of 10 ( 2 Consumer protection regulations 232486 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one way that consumer-advocacy groups help protect consumers?

	Choice	Feedback
A.	by lobbying for antitrust laws	
*B.	by providing product information	Correct! Reliable information helps consumers make better choices.
C.	by enforcing consumer-protection regulations	
D.	by contracting with the government to provide social services	

#### Global Incorrect Feedback

The correct answer is: by providing product information. Reliable information helps consumers make better choices.

---

### Question 5c of 10 ( 2 Consumer protection regulations 232487 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of consumer-advocacy groups?

	Choice	Feedback
A.	to enforce consumer-protection regulations	
B.	to lobby the government for lower taxes	
*C.	to promote the interest of consumers	Correct! Consumer-advocacy groups provide product information and advice to help consumers protect themselves.
D.	to provide essential social services	

#### Global Incorrect Feedback

The correct answer is: to promote the interest of consumers. Consumer-advocacy groups provide product information and advice to help consumers protect themselves.

---

### Question 6a of 10 ( 2 Consumer protection regulations 232488 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What does enforcing consumer-protection regulations involve?

	Choice	Feedback
A.	the use of a progressive taxation system	
*B.	government oversight of the production process	Correct! The government makes sure that the processes used by producers lead to safe products.
C.	compromises between the president and Congress	
D.	preventing companies from following the profit motive	

**Global Incorrect Feedback**

The correct answer is: government oversight of the production process. The government makes sure that the processes used by producers lead to safe products.

---

**Question 6b of 10** ( 2 Consumer protection regulations 232489 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What does the government have to do to enforce consumer-protection regulations?

	Choice	Feedback
*A.	oversee production	Correct! The government makes sure that the processes used by producers lead to safe products.
B.	lower tariffs	
C.	break up monopolies	
D.	avoid a budget deficit	

**Global Incorrect Feedback**

The correct answer is: oversee production. The government makes sure that the processes used by producers lead to safe products.

---

**Question 6c of 10** ( 2 Consumer protection regulations 232490 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice



Maximum Score: 2

Question: What is one thing the government does as it enforces consumer-protection regulations?

	Choice	Feedback
A.	collects tariffs from foreign producers	
B.	prevents cartels from engaging in price fixing or production limitation	
C.	makes sure publicly-traded companies provide stockholders with financial records	
*D.	tests products such as drugs and automobiles for safety	Correct! The government makes sure the products that are brought to market are safe for consumers to use.

**Global Incorrect Feedback**

The correct answer is: tests products such as drugs and automobiles for safety. The government makes sure the products that are brought to market are safe for consumers to use.

**Question 7a of 10** ( 3 Consumer protection regulations 232491 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each company or organization with the correct label.

Choice Text	Correct Match	Match Text
A. Organization of Petroleum Exporting Countries (OPEC)	C.	competition regulator
B. Lockheed Martin Corporation	B.	government contractor
C. Antitrust Division of the Department of Justice	A.	cartel

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Organization of Petroleum Exporting Countries (OPEC): cartel; Lockheed Martin Corporation: government contractor; Antitrust Division of the Department of Justice: competition regulator.

---

**Question 7b of 10** ( 3 Consumer protection regulations 232492 )**Maximum Attempts:** 1**Question Type:** Matching**Maximum Score:** 2**Question:** Match each company, organization, or agency with the correct label.

Choice Text	Correct Match	Match Text
A. <i>Consumer Reports</i>	A.	consumer advocacy publication
B. Food and Drug Administration (FDA)	B.	consumer protection agency
C. Federal Trade Commission (FTC)	C.	competition regulator

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer: <i>Consumer Reports</i> : consumer advocacy publication; Food and Drug Administration (FDA): consumer protection agency; Federal Trade Commission (FTC): competition regulator.

---

**Question 7c of 10** ( 3 Consumer protection regulations 232493 )**Maximum Attempts:** 1**Question Type:** Matching**Maximum Score:** 2**Question:** Match each company or organization with the correct label.

Choice Text	Correct Match	Match Text
A. Boeing Corporation	C.	competition regulator
B. Federal Aviation Administration (FAA)	A.	government contractor
C. Federal Trade Commission (FTC)	B.	consumer-protection agency

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Boeing Corporation: government contractor; Federal Aviation Administration (FAA): consumer-protection agency; Federal Trade Commission (FTC): competition regulator.

**Question 8a of 10** ( 2 Consumer protection regulations 232494 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What happens to the expenses involved in compliance with government regulations?

	Choice	Feedback
A.	absorbed by investors	
B.	shouldered by taxpayers	
*C.	passed on to the consumer	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
D.	covered by transfer payments	

**Global Incorrect Feedback**

The correct answer is: passed on to the consumer. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

**Question 8b of 10** ( 2 Consumer protection regulations 232495 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Who ultimately pays for compliance with government regulations?

	Choice	Feedback
*A.	consumers	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

B.	the government	
C.	producers	
D.	workers	

**Global Incorrect Feedback**

The correct answer is: consumers. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

**Question 8c of 10** ( 2 Consumer protection regulations 232496 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is done with the costs of complying with consumer-protection regulations?

	Choice	Feedback
*A.	eventually passed on to consumers in the form of higher prices	Correct! Complying with consumer-regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
B.	absorbed by producers who are forced to cut into profits	
C.	reduced by transfer payments enabled by revenue tariffs	
D.	shouldered by workers in the form of decreased wages	

**Global Incorrect Feedback**

The correct answer is: eventually passed on to consumers in the form of higher prices. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

**Question 9a of 10** ( 1 Federal budget 232497 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these enables the government to make up for a budget

deficit?

	Choice	Feedback
A.	monetary policy	
B.	regressive taxation	
C.	defense contractors	
*D.	the bond market	Correct! The government issues bonds to cover the costs that exceed its revenues.

**Global Incorrect Feedback**

The correct answer is: the bond market. The government issues bonds to cover the costs that exceed its revenues.

---

**Question 9b of 10** ( 1 Federal budget 232498 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In order to make up for a budget deficit, the government can do what?

	Choice	Feedback
A.	reduce tariffs	
*B.	issue bonds	Correct! The government gets money from bondholders to cover the difference between revenues and spending.
C.	increase the money supply	
D.	start government corporations	

**Global Incorrect Feedback**

The correct answer is: issue bonds. The government gets money from bondholders to cover the difference between revenues and spending.

---

**Question 9c of 10** ( 1 Federal budget 232499 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When the government runs a budget deficit, what must it eventually do in order to pay back its debt?

	Choice	Feedback
A.	cut spending	

B.	print more money	
*C.	have a budget surplus	Correct! Budget deficits must eventually be balanced by budget surpluses so that the government can pay back those it owes money to.
D.	reduce regulations	

**Global Incorrect Feedback**

The correct answer is: have a budget surplus. Budget deficits must eventually be balanced by budget surpluses so that the government can pay back those it owes money to.

**Question 10a of 10** ( 3 Consumer protection regulations 232500 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How do antitrust laws affect the circular flow of the free-market system?

	Choice	Feedback
A.	They increase the collection of taxes.	
B.	They slow the flow of investment.	
*C.	They speed up the flow of capital and wages.	Correct! Antitrust laws increase the number of producers, providing a wider channel for expenditures to flow.
D.	They decrease consumption.	

**Global Incorrect Feedback**

The correct answer is: They speed up the flow of capital and wages. Antitrust laws increase the number of producers, providing a wider channel for expenditures to flow.

**Question 10b of 10** ( 3 Consumer protection regulations 232501 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What effect do consumer-protection regulations have on the circular flow of the free-market system?

	Choice	Feedback
A.	They increase costs for producers, which slows	

	the flow of investment.	
<b>B.</b>	They divert resources to government planners, which cuts down on economic activity.	
<b>C.</b>	They lead to increased prices and higher taxes, which reduces the flow to almost nothing.	
<b>*D.</b>	They inspire consumer confidence, which leads to increased purchases from producers.	Correct! When consumers are protected, they feel secure and typically buy more goods and services.

**Global Incorrect Feedback**

The correct answer is: They inspire consumer confidence, which leads to increased purchases from producers. When consumers are protected, they feel secure and typically buy more goods and services.

**Question 10c of 10** ( 3 Consumer protection regulations 232502 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these inspires consumer confidence, increases purchases, and speeds up the flow of investment and wages in the circular flow of the free-market system?

	Choice	Feedback
<b>*A.</b>	consumer-protection regulations	Correct! When consumers are protected, they feel secure and typically buy more goods and services.
<b>B.</b>	antitrust laws	
<b>C.</b>	fractional reserve banking	
<b>D.</b>	the provision of public goods	

**Global Incorrect Feedback**

The correct answer is: consumer-protection regulations. When consumers are protected, they feel secure and typically buy more goods and services.

PREVIEW

CLOSE

Quiz: The Government Is a Police Officer

Question 1a of 10 ( 3 Limiting economic choices 232690 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a land-use law?

	Choice	Feedback
A.	A state requires each town to build a school.	
*B.	A town zones an area for residential buildings only.	Correct! Zoning ordinances are land-use laws.
C.	A city charges a tax of 2% on the value of all homes.	
D.	The federal government prohibits children from working in coal mines.	

<b>Global Incorrect Feedback</b>
The correct answer is: A town zones an area for residential buildings only. Zoning ordinances are land-use laws.

Question 1b of 10 ( 3 Limiting economic choices 232691 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a zoning ordinance?

	Choice	Feedback
A.	A state requires each town to build a school.	
B.	A city charges a tax of 2% on the value of all homes.	
C.	A county forces people to sell their homes to build a highway.	
*D.	A town allows only residential buildings in a certain area.	Correct! Zoning ordinances involve restricting the construction of certain kinds of buildings in particular areas.

<b>Global Incorrect Feedback</b>
The correct answer is: A town allows only residential buildings in a certain area. Zoning



ordinances involve restricting the construction of certain kinds of buildings in particular areas.

**Question 1c of 10** ( 3 Limiting economic choices 232692 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of eminent domain?

	Choice	Feedback
A.	A state requires each town to build a school.	
B.	A town zones an area for residential buildings only.	
*C.	A county forces people to sell their homes to build a highway.	Correct! Eminent domain involves the government making people sell their homes to make way for a public project.
D.	A city charges a tax of 2% on the value of all homes.	

**Global Incorrect Feedback**

The correct answer is: A county forces people to sell their homes to build a highway. Eminent domain involves the government making people sell their homes to make way for a public project.

**Question 2a of 10** ( 3 Limiting economic choices 232693 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a labor law?

	Choice	Feedback
*A.	A restriction on when a union may call a strike.	Correct! Labor laws regulate the activities of labor unions.
B.	A regulation against production limitation.	
C.	A requirement that products be truthfully labeled.	
D.	A limitation on building types in an industrial area.	

**Global Incorrect Feedback**

The correct answer is: A restriction on when a

union may call a strike. Labor laws regulate the activities of labor unions.

**Question 2b of 10** ( 3 Limiting economic choices 232694 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is the purpose of labor laws?

	Choice	Feedback
A.	To keep prices low	
*B.	To protect workers	Correct! Labor laws affect relations between employers and employees in order to protect workers.
C.	To protect consumers	
D.	To reduce government power	

**Global Incorrect Feedback**

The correct answer is: To protect workers. Labor laws affect relations between employers and employees in order to protect workers.

**Question 2c of 10** ( 3 Limiting economic choices 232695 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these is an example of a labor law?

	Choice	Feedback
A.	A requirement that products be tested for safety	
B.	A limitation on the import of certain goods	
*C.	A restriction of the number of hours 16-year-olds can work	Correct! Labor laws restrict the use of child labor.
D.	A regulation against price fixing	

**Global Incorrect Feedback**

The correct answer is: A restriction of the number of hours 16-year-olds can work. Labor laws restrict the use of child labor.

### Question 3a of 10 ( 3 Limiting economic choices 232696 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of a price ceiling?

	Choice	Feedback
*A.	To protect the poor	Correct! By keeping prices to a certain maximum, price ceilings guarantee that certain basics are affordable to everyone.
B.	To enable rationing	
C.	To increase production	
D.	To bring about a surplus	

#### Global Incorrect Feedback

The correct answer is: To protect the poor. By keeping prices to a certain maximum, price ceilings guarantee that certain basics are affordable to everyone.

### Question 3b of 10 ( 3 Limiting economic choices 232697 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one effect of a price floor?

	Choice	Feedback
A.	A shortage of supply	
B.	Reduced production	
C.	Efficient production	
*D.	A surplus of supply	Correct! By guaranteeing a minimum price for certain goods, price floors give producers an incentive to produce a lot of those goods, which leads to surpluses.

#### Global Incorrect Feedback

The correct answer is: A surplus of supply. By guaranteeing a minimum price for certain goods, price floors give producers an incentive to produce a lot of those goods, which leads to surpluses.

### Question 3c of 10 ( 3 Limiting economic choices 232698 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** What is one effect of a price ceiling?

	Choice	Feedback
A.	Increased production	
*B.	A shortage of supply	Correct! By enforcing a maximum price, price ceilings take away the incentive for producers to create the goods with the ceiling.
C.	Rising inflation	
D.	A recession	

**Global Incorrect Feedback**

The correct answer is: A shortage of supply. By enforcing a maximum price, price ceilings take away the incentive for producers to create the goods with the ceiling.

**Question 4a of 10** ( 1 Limiting economic choices 232699 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** Which of these is *not* an example of a trade restriction?

	Choice	Feedback
*A.	Rationing	Correct! Rationing is a method of handling the effects of price controls, not restricting trade.
B.	Quotas	
C.	Tariffs	
D.	Subsidies	

**Global Incorrect Feedback**

The correct answer is: rationing. Rationing is a method of handling the effects of price controls, not restricting trade.

**Question 4b of 10** ( 1 Limiting economic choices 232700 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2

**Question:** Which of these is *not* an example of a trade restriction?

	Choice	Feedback
A.	The government charges a tariff on vegetables from South America.	
B.	The government provides a subsidy for corn and wheat growers in the United States.	
*C.	The government prevents a cartel of steel manufacturers from fixing prices.	Correct! Controlling cartels is a method of protecting competition in the free market, not restricting trade.
D.	The government limits the number of European televisions that may be imported each year.	

**Global Incorrect Feedback**

The correct answer is: The government prevents a cartel of steel manufacturers from fixing prices. Controlling cartels is a method of protecting competition in the free market, not restricting trade.

**Question 4c of 10** ( 1 Limiting economic choices 232701 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these is *not* an example of a trade restriction?

	Choice	Feedback
*A.	Taking land to build an airport.	Correct! Eminent domain is a land-use law, not a restriction on trade.
B.	Charging a tariff on imports.	
C.	Limiting the import of certain goods.	
D.	Paying a subsidy to domestic farmers.	

**Global Incorrect Feedback**

The correct answer is: Taking land to build an airport. Eminent domain is a land-use law, not a restriction on trade.

**Question 5a of 10** ( 2 Limiting economic choices 232702 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why might the government freeze assets?

	Choice	Feedback
A.	To restrict trade	
*B.	To stop terrorists	Correct! By preventing terrorists and criminals from accessing their bank accounts, their activities can be limited or prevented entirely.
C.	To limit inflation	
D.	To control development	

**Global Incorrect Feedback**

The correct answer is: To stop terrorists. By preventing terrorists and criminals from accessing their bank accounts, their activities can be limited or prevented entirely.

**Question 5b of 10** ( 2 Limiting economic choices 232703 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What do capital controls prevent?

	Choice	Feedback
A.	A bank's customers from demanding more money in withdrawals than the bank has on hand.	
B.	The government from stopping the withdrawal of someone's money from their own bank account.	
*C.	Speculators from rushing into and out of a country's market and disrupting its economy.	Correct! Capital controls prevent hasty movements of money into and out of a country's economic system.
D.	A cartel of producers from charging a higher-than-market price agreed upon by all members.	

**Global Incorrect Feedback**

The correct answer is: Speculators from rushing into and out of a country's market and disrupting its economy. Capital controls prevent hasty movements of money into and out of a country's economic system.

**Question 5c of 10** ( 2 Limiting economic choices 232704 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How can the government prevent speculators from rushing into and out of the country's market and disrupting its economy?

	Choice	Feedback
A.	By using a quota	
B.	By freezing someone's assets	
C.	By stopping money laundering	
*D.	By using capital controls	Correct! Capital controls prevent hasty movements of money into and out of a country's economic system.

**Global Incorrect Feedback**

The correct answer is: By using capital controls. Capital controls prevent hasty movements of money into and out of a country's economic system.

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**Question 6a of 10** ( 2 Limiting economic choices 232705 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of restriction with one of its effects.

Choice Text	Correct Match	Match Text
A. Land-use laws	A.	Controlled development of towns and cities
B. Labor laws	C.	Greater financial stability
C. Banking regulations	B.	Protection of young workers

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Land-use laws: Controlled development of towns and cities; Labor laws: Protection of young workers; Banking regulations: Greater financial stability.

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### Question 6b of 10 ( 2 Limiting economic choices 232706 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of restriction with one of its purposes.

Choice Text	Correct Match	Match Text
A. Price controls	C.	Ensure a basic living wage
B. Trade restrictions	A.	Protect certain producers
C. Labor laws	B.	Protect domestic producers

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Price controls: Protect certain producers; Trade restrictions: Protect domestic producers; Labor laws: Ensure a basic living wage.

### Question 6c of 10 ( 2 Limiting economic choices 232707 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of restriction with one of its effects.

Choice Text	Correct Match	Match Text
A. Trade restrictions	C.	Stability for the economy
B. Labor laws	B.	Regulation of union activities
C. Banking regulations	A.	Higher prices for consumers

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Trade restrictions: Higher prices for consumers; Labor laws: Regulation of



union activities; Banking regulations: Stability for the economy.
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**Question 7a of 10** ( 1 Limiting personal choices 232708 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Compulsory education restricts whose freedom?

	Choice	Feedback
A.	Businesses	
B.	Teachers	
C.	Unions	
*D.	Parents	Correct! Parental freedom is limited when parents are forced to provide a certain type or level of education for their children.

<b>Global Incorrect Feedback</b>
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The correct answer is: parents. Parental freedom is limited when parents are forced to provide a certain type or level of education for their children.
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**Question 7b of 10** ( 1 Limiting personal choices 232709 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is one way the U.S. government currently restricts educational freedom?

	Choice	Feedback
*A.	By requiring all children to receive at least an eighth-grade education.	Correct! Parental freedom is limited when parents are forced to provide a certain type or level of education for their children.
B.	By segregating students into black and white schools.	
C.	By preventing parents from homeschooling their children.	
D.	By allowing public schools to admit only either men or women.	

**Global Incorrect Feedback**

The correct answer is: By requiring all children to receive at least an eighth-grade education. Parental freedom is limited when parents are forced to provide a certain type or level of education for their children.

**Question 7c of 10** ( 1 Limiting personal choices 232710 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Segregation was a limitation on what?

	Choice	Feedback
*A.	Educational freedom	Correct! Segregated schools prevented white and black children from freely attending certain schools near their homes.
B.	Competitive markets	
C.	Consumer behavior	
D.	Government power	

**Global Incorrect Feedback**

The correct answer is: Educational freedom. Segregated schools prevented white and black children from freely attending certain schools near their homes.

**Question 8a of 10** ( 1 Limiting personal choices 232711 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Censorship puts a limit on what?

	Choice	Feedback
A.	Production levels	
B.	Economic decisions	
*C.	Freedom of expression	Correct! Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.
D.	Educational opportunities	

**Global Incorrect Feedback**

The correct answer is: Freedom of expression. Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.

**Question 8b of 10** ( 1 Limiting personal choices 232712 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Freedom of expression is limited by what?

	Choice	Feedback
A.	Price fixing	
B.	Antitrust laws	
*C.	Censorship	Correct! Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.
D.	Land-use laws	

**Global Incorrect Feedback**

The correct answer is: censorship. Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.

**Question 8c of 10** ( 1 Limiting personal choices 232713 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When the government uses censorship, it puts a limit on what?

	Choice	Feedback
A.	Consumer behavior	
*B.	Freedom of expression	Correct! Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.
C.	Economic activity	
D.	Property rights	

**Global Incorrect Feedback**

The correct answer is: Freedom of expression. Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.

**Question 9a of 10** ( 2 Limiting other choices 232714 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one economic effect of environmental-protection laws?

	Choice	Feedback
A.	Lowered unemployment	
B.	Reduced costs for inputs	
C.	Increased inflation	
*D.	Higher prices for consumers	Correct! Like other regulations, environmental-protection laws cost a lot of money to comply with, and producers pass along these costs to consumers in the form of higher prices.

**Global Incorrect Feedback**

The correct answer is: Higher prices for consumers. Like other regulations, environmental-protection laws cost a lot of money to comply with, and producers pass along these costs to consumers in the form of higher prices.

**Question 9b of 10** ( 2 Limiting other choices 232715 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one downside to environmental-protection laws?

	Choice	Feedback
A.	They involve more censorship	
*B.	They increase unemployment	Correct! By raising production costs, environmental-protection laws often limit production levels, leading to the loss of jobs.
C.	They reduce government revenue	
D.	They destroy productive resources	

**Global Incorrect Feedback**

The correct answer is: They increase unemployment. By raising production costs, environmental-protection laws often limit production levels, leading to the loss of jobs.

**Question 9c of 10** ( 2 Limiting other choices 232716 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** What is one positive effect of environmental-protection laws?

	Choice	Feedback
*A.	Natural resources necessary for production are safeguarded.	Correct! Environmental-protection laws prevent certain natural resources that are used in production from being completely used up.
B.	Producers are able to cut production costs by being more energy efficient.	
C.	More jobs are created from enforcing the laws than are lost because of the laws.	
D.	Profits are increased as the costs of compliance are passed on to consumers.	

**Global Incorrect Feedback**

The correct answer is: Natural resources necessary for production are safeguarded. Environmental-protection laws prevent certain natural resources that are used in production from being completely used up.

**Question 10a of 10** ( 2 Limiting other choices 232717 )**Maximum Attempts:** 1**Question Type:** Matching**Maximum Score:** 2**Question:** Match each type of government restriction with one of its economic effects.

Choice Text	Correct Match	Match Text
A. Educational requirements	A.	Provides workers with basic skills
B. Censorship	C.	Safeguards productive resources
C. Environmental protection	B.	Stunts innovation

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Educational requirements: Provides workers with basic skills; Censorship: Stunts innovation; Environmental protection: Safeguards productive resources.

### Question 10b of 10 ( 2 Limiting other choices 232718 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of government restriction with one of its downsides.

Choice Text	Correct Match	Match Text
A. Educational requirements	C.	Loss of jobs
B. Censorship	A.	Reduction of parental freedom
C. Environmental protection	B.	Limitation of individual development

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Educational requirements: Reduction of parental freedom; Censorship: Limitation of individual development; Environmental protection: Loss of jobs.

### Question 10c of 10 ( 2 Limiting other choices 232719 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of government restriction with one of its effects.

	Choice Text	Correct Match	Match Text
	A. Educational requirements	A.	Opportunities provided
	B. Environmental protection	B.	Prices increased
	C. Censorship	C.	Innovation stunted

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Educational requirements: Opportunities provided; Censorship: Innovation stunted; Environmental protection: Prices increased.

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PREVIEW

CLOSE

Test (CS): The Government Gets Involved

**Question 1a of 25** ( 2 Taxes 233371 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is taxation necessary?

	Choice	Feedback
A.	To prevent a regressive method of production	
*B.	To provide money for government programs	Correct! Taxation provides the government with the money it needs to do its job.
C.	To enable government planning of the economy	
D.	To protect domestic producers from foreign competition	

**Global Incorrect Feedback**

The correct answer is: To provide money for government programs. Taxation provides the government with the money it needs to do its job.

**Question 1b of 25** ( 2 Taxes 233372 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the government need to collect taxes?

	Choice	Feedback
*A.	To ensure competition and protect consumers	Correct! The government needs money to make and enforce the laws necessary to make the free-market system work properly.
B.	To prevent international trade from costing jobs	
C.	To provide investments for domestic industries	
D.	To control the money supply and manage economic growth	

**Global Incorrect Feedback**



The correct answer is: To ensure competition and protect consumers. The government needs money to make and enforce the laws necessary to make the free-market system work properly.

**Question 1c of 25** ( 2 Taxes 233373 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The government must force people to pay taxes so that it can do what?

	Choice	Feedback
A.	Pursue the goals of equity and security	
B.	Control the money supply and manage economic growth	
*C.	Make and enforce the laws necessary to make the free-market system work properly	Correct! The government needs money to ensure competition, protect consumers, and provide public goods.
D.	Prevent foreign competitors from destroying essential domestic industries	

**Global Incorrect Feedback**

The correct answer is: Make and enforce the laws necessary to make the free-market system work properly. The government needs money to ensure competition, protect consumers, and provide public goods.

**Question 2a of 25** ( 3 Taxes 233374 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Sales tax	A.	7 percent charged on the purchase of all non-necessary goods
B. Excise tax	C.	1 percent charged on the value of all residential houses
C. Property tax	B.	\$2 tax charged on each pack of cigarettes

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Sales tax: 7 percent charged on the purchase of all non-necessary goods; Excise tax: \$2 tax charged on each pack of cigarettes; Property tax: 1 percent charged on the value of all residential houses.

### Question 2b of 25 ( 3 Taxes 233375 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Property tax	C.	5 percent charged on profits from selling stocks
B. Personal income tax	B.	15 percent charged on all wages
C. Capital gains tax	A.	1 percent charged on the value of all residential houses

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Property tax: 1 percent charged on the value of all residential houses; Personal income tax: 15 percent charged on all wages; Capital gains tax: 5 percent charged on profits from selling stocks.

### Question 2c of 25 ( 3 Taxes 233376 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Sales tax	C.	5 percent charged on profits from selling stocks

B. Excise tax	A.	9 percent charged on all purchases of non-necessities
C. Capital gains tax	B.	\$1 tax charged on each gallon of gas purchased

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Sales tax: 9 percent charged on all purchases of non-necessities; Excise tax: \$1 tax charged on each gallon of gas purchased; Capital gains tax: 5 percent charged on profits from selling stocks.

### Question 3a of 25 ( 2 Taxes 233377 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does a progressive taxation system do?

	Choice	Feedback
A.	It funds social programs.	
B.	It raises prices on imports.	
C.	It creates government corporations.	
*D.	It increases the tax rate as income rises.	Correct! Based on the ability-to-pay principle, the progressive taxation system takes more from those with greater incomes because they can afford it.

Global Incorrect Feedback
The correct answer is: It increases the tax rate as income rises. Based on the ability-to-pay principle, the progressive taxation system takes more from those with greater incomes because they can afford it.

### Question 3b of 25 ( 2 Taxes 233378 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is a regressive tax?

	Choice	Feedback
A.	A tax that charges rich people more	
B.	A tax that is higher on harmful activities	
*C.	A tax that charges more to those with lower incomes	Correct! Regressive taxation takes a larger percentage from the income of low-income people.
D.	A tax that takes money from people when they die	

**Global Incorrect Feedback**

The correct answer is: A tax that charges more to those with lower incomes. Regressive taxation takes a larger percentage from the income of low-income people.

**Question 3c of 25** ( 2 Taxes 233379 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the justification of the progressive taxation method?

	Choice	Feedback
*A.	The idea that taxation should be based on the ability-to-pay principle	Correct! The ability-to-pay principle states that a taxation system should take more from those with greater income because they can afford it.
B.	The fact that poor people get more benefits from government services	
C.	The view that merit goods need to be provided by the government	
D.	The need to reduce demand for harmful and destructive activities	

**Global Incorrect Feedback**

The correct answer is: The idea that taxation should be based on the ability-to-pay principle. The ability-to-pay principle states that a taxation system should take more from those with greater income because they can afford it.

**Question 4a of 25** ( 2 WTO 233380 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The World Trade Organization was formed in order to accomplish what?

	Choice	Feedback
A.	Collect protective tariffs	
*B.	Promote free trade	Correct! The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free-trade agreements.
C.	Reduce distribution costs	
D.	Facilitate currency exchange	

**Global Incorrect Feedback**

The correct answer is: Promote free trade. The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free-trade agreements.

---

**Question 4b of 25** ( 2 WTO 233381 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Countries are better able to negotiate free-trade agreements because of the existence of the which of the following?

	Choice	Feedback
A.	Internal Revenue Service	
B.	Chicago Mercantile Exchange	
C.	Securities and Exchange Commission	
*D.	World Trade Organization	Correct! The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free-trade agreements.

**Global Incorrect Feedback**

The correct answer is: The World Trade Organization. The WTO is an international organization that promotes free trade by helping countries negotiate and enforce free-trade agreements.

---

**Question 4c of 25** ( 2 WTO 233382 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A trade agreement that creates favorable trade terms between two nations establishes which of the following?

	Choice	Feedback
*A.	Normal Trade Relations	Correct! Countries with NTR treaties give each other the best trade terms that they give to anybody else, usually very low tariffs.
B.	Common immigration policy	
C.	Protective tariffs	
D.	A currency zone	

**Global Incorrect Feedback**

The correct answer is: Normal Trade Relations. Countries with NTR treaties give each other the best trade terms that they give to anybody else, usually very low tariffs.

---

**Question 5a of 25** ( 2 Differences between taxes and tariffs 233463 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Tariffs differ from taxes because tariffs are what?

	Choice	Feedback
*A.	Collected on imported goods	Correct! Taxes are paid on domestic economic activity while tariffs are paid on international trade.
B.	Charged only on income	
C.	A form of public equity	
D.	Spent on government contractors	

**Global Incorrect Feedback**

The correct answer is: Collected on imported goods. Taxes are paid on domestic economic activity while tariffs are paid on international trade.

---

**Question 5b of 25** ( 2 Differences between taxes and tariffs 233464 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Taxes differ from tariffs because taxes are what?

	Choice	Feedback
A.	Used only for subsidies and quotas	
B.	Paid only by non-immigrants	
*C.	Collected on domestic economic activity	Correct! Tariffs are paid on international trade while taxes are paid on domestic economic activity.
D.	Based on income brackets	

**Global Incorrect Feedback**

The correct answer is: Collected on domestic economic activity. Tariffs are paid on international trade while taxes are paid on domestic economic activity.

---

**Question 5c of 25** ( 2 Differences between taxes and tariffs 233465 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following is true about tariffs?

	Choice	Feedback
A.	They are paid to support national defense only.	
*B.	They are paid on international trade only.	Correct! Taxes are collected internally while tariffs are collected on imports.
C.	They are paid by immigrants only.	
D.	They are paid on wealth only.	

**Global Incorrect Feedback**

The correct answer is: They are paid on international trade only. Taxes are collected internally while tariffs are collected on imports.

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**Question 6a of 25** ( 1 Federal budget 233386 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Sort the statements below into the correct order in which the federal budget is prepared.

**Correct Answer:**

1. The president gives a proposed budget to Congress.

2. Congress decides on the details of the budget.
3. The president signs spending bills into law.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! The president submits a budget proposal to Congress, which first decides on the overall level of spending and taxation and then passes specific spending bills that the president signs into law.

	Global Incorrect Feedback
	The correct answer is: 1. The president gives a proposed budget Congress. 2. Congress decides on the details of the budget. 3. The president signs spending bills into law.

### Question 6b of 25 ( 1 Federal budget 233387 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Sort the statements below into the correct order in which the federal budget is prepared.

**Correct Answer:**

1. The Office of Management and Budget (OMB) and the president prepare a proposed budget.
2. Congress decides on the overall level of spending and taxation and passes specific spending bills.
3. The president signs various spending bills into law.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! The president submits a budget proposal to Congress, which first decides on the overall level of spending and taxation and then passes specific spending bills that the president signs into law.

	Global Incorrect Feedback
	The correct answer is: 1. The Office of Management and Budget (OMB) and the president prepare a proposed budget. 2. Congress decides on the overall level of spending and taxation and passes specific



	spending bills. 3. The president signs various spending bills into law.
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### Question 6c of 25 ( 1 Federal budget 233388 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Sort the statements below into the correct order in which the federal budget is prepared.

**Correct Answer:**

1. The president writes a preliminary budget proposal.
2. Congress decides on the details of the budget.
3. The president signs spending bills into law.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! The president submits a budget proposal to Congress, which first decides on the overall level of spending and taxation and then passes specific spending bills that the president signs into law.

	Global Incorrect Feedback
	The correct answer is: 1. The president writes a preliminary budget proposal. 2. Congress decides on the details of the budget. 3. The president signs spending bills into law.

### Question 7a of 25 ( 2 Federal budget 233389 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Politicians approve pork barrel spending for what purpose?

	Choice	Feedback
*A.	To win political support	Correct! Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.
B.	To increase wages	
C.	To subsidize production	

D.	To restrict international trade	
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**Global Incorrect Feedback**

The correct answer is: To win political support. Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.

**Question 7b of 25** ( 2 Federal budget 233390 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Politicians can gain added support for themselves by approving what?

	Choice	Feedback
A.	Public goods	
B.	Regressive taxation	
C.	Environmental-protection laws	
*D.	Pork barrel projects	Correct! Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.

**Global Incorrect Feedback**

The correct answer is: Pork barrel projects. Pork barrel spending helps politicians win support by providing their constituents with beneficial government.

**Question 7c of 25** ( 2 Federal budget 233391 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Pork barrel projects are approved because they do what?

	Choice	Feedback
A.	Pay for the provision of public goods	
*B.	Help politicians win support from their constituents	Correct! Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.
C.	Provide funding for antitrust enforcement	
D.	Provide support for the poor and the elderly	

**Global Incorrect Feedback**

The correct answer is: Help politicians win support from their constituents. Pork barrel spending helps politicians win support by providing their constituents with beneficial government spending.

**Question 8a of 25** ( 1 Federal budget 233392 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these has been a trend in the 20th century?

	Choice	Feedback
A.	Reduced levels of taxations	
B.	The spread of censorship	
*C.	Growing levels of government spending	Correct! Governments are spending more and more on programs for their citizens.
D.	Decreased free trade	

**Global Incorrect Feedback**

The correct answer is: Growing levels of government spending. Governments are spending more and more on programs for their citizens.

**Question 8b of 25** ( 1 Federal budget 233393 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How can recent government spending be best described?

	Choice	Feedback
*A.	Constantly increasing	Correct! Governments are spending more and more on programs for their citizens.
B.	Balanced with revenues	
C.	Used only for public good	
D.	Based on progressive goals	

**Global Incorrect Feedback**

The correct answer is: Constantly increasing. Governments are spending more and more on

programs for their citizens.

### Question 8c of 25 ( 1 Federal budget 233394 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The 20th century has shown a trend toward greater what?

	Choice	Feedback
*A.	Government spending	Correct! Governments are spending more and more on programs for their citizens.
B.	Distribution costs	
C.	Government censorship	
D.	Educational restrictions	

#### Global Incorrect Feedback

The correct answer is: Government spending. Governments are spending more and more on programs for their citizens.

### Question 9a of 25 ( 3 Types of goods 233395 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of good below with an example of that type of good.

Choice Text	Correct Match	Match Text
A. Merit good	B.	School buildings
B. Public good	C.	Textbooks
C. Individual good	A.	Education

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Merit good: Education; Public good: School buildings; Individual good: Textbooks.

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**Question 9b of 25** ( 3 Types of goods 233396 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each good with the type of good it represents.

Choice Text	Correct Match	Match Text
A. Retirement programs	A.	Merit good
B. Infrastructure projects	C.	Individual good
C. Stock investments	B.	Public good

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Retirement programs: Merit good; Infrastructure projects: Public good; Stock investments: Individual good.

---

**Question 9c of 25** ( 3 Types of goods 233397 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each good with the type of good it represents.

Choice Text	Correct Match	Match Text
A. Health care	C.	Individual good
B. Infrastructure projects	A.	Merit good
C. Stock investments	B.	Public good

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback

	The correct answer is: Health care: Merit good; Clean air: Public good; Medicine: Individual good.
--	---

**Question 10a of 25** ( 1 Government production 233398 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Government corporations can be described as which of the following?

	Choice	Feedback
A.	Privately funded	
B.	Social service providers	
*C.	Independently run	Correct! Government corporations are set up and regulated by the public, but they are run independently in a manner similar to any other business.
D.	Public goods producers	

<b>Global Incorrect Feedback</b>
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The correct answer is: Independently run. Government corporations are set up and regulated by the public, but they are run independently in a manner similar to any other business.
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**Question 10b of 25** ( 1 Government production 233399 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Government corporations can be described as which of the following?

	Choice	Feedback
A.	Social service agencies	
*B.	Private sector companies	Correct! Government contractors are private companies that provide goods and services for the government.
C.	Public sector corporations	
D.	Anticompetitive monopolies	

<b>Global Incorrect Feedback</b>
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The correct answer is: Private sector companies. Government contractors are private companies.
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that provide goods and services for the government.

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**Question 10c of 25** ( 1 Government production 233400 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Government agencies are which of the following?

	Choice	Feedback
A.	Monopolies	
B.	Independently run	
C.	Defense contractors	
*D.	Part of the public sector	Correct! Government agencies are funded and directly controlled by the public.

**Global Incorrect Feedback**

The correct answer is: Part of the public sector. Government agencies are funded and directly controlled by the public.

---

**Question 11a of 25** ( 1 Government production 233401 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which merit good does the U.S. government provide through a payroll tax?

	Choice	Feedback
*A.	Health care	Correct! Medicaid is a government health care program paid for by a payroll tax.
B.	Education	
C.	National defense	
D.	Environmental protection	

**Global Incorrect Feedback**

The correct answer is: Health care. Medicaid is a government health care program paid for by a payroll tax.

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**Question 11b of 25** ( 1 Government production 233402 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which merit good does the U.S. government provide through a payroll tax?

	Choice	Feedback
A.	Infrastructure	
B.	National defense	
*C.	Retirement benefits	Correct! Social Security is a payroll-tax funded government retirement program.
D.	Consumer protection	

**Global Incorrect Feedback**

The correct answer is: Retirement benefits. Social Security is a payroll-tax funded government retirement program.

---

**Question 11c of 25** ( 1 Government production 233403 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What merit good does the U.S. government pay for through the Medicaid payroll tax?

	Choice	Feedback
A.	Infrastructure	
*B.	Health care	Correct! Medicaid is a government health care program paid for by a payroll tax.
C.	National defense	
D.	Consumer protection	

**Global Incorrect Feedback**

The correct answer is: Health care. Medicaid is a government health care program paid for by a payroll tax.

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**Question 12a of 25** ( 2 Consumer protection regulations 233466 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the free-market system require government regulation?



	Choice	Feedback
*A.	Producers are driven by the profit motive to work against competition.	Correct! Eliminating competition enables producers to charge higher prices and make greater profits.
B.	Companies can't be efficient or innovative on their own.	
C.	Foreign competition would wipe out domestic production.	
D.	Consumers don't purchase enough to drive economic growth.	

**Global Incorrect Feedback**

The correct answer is: Producers are driven by the profit motive to work against competition. Eliminating competition enables producers to charge higher prices and make greater profits.

**Question 12b of 25** ( 2 Consumer protection regulations 233467 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Government regulation of the free market is required in order to do what?

	Choice	Feedback
A.	Spur innovation and create efficiency	
B.	Prevent censorship and discrimination	
C.	Protect the existence of the profit motive	
*D.	Ensure competition and protect consumers	Correct! In a pure free market, the profit motive drives producers to engage in unfair business practices that undermine the free-market system itself.

**Global Incorrect Feedback**

The correct answer is: Ensure competition and protect consumers. In a pure free market, the profit motive drives producers to engage in unfair business practices that undermine the free-market system itself.

**Question 12c of 25** ( 2 Consumer protection regulations 233468 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The free-market system cannot exist without government regulation for what reason?

	Choice	Feedback
A.	There are various definitions of freedom, equality, security, and growth.	
*B.	The profit motive undermines competition unless competition is protected.	Correct! In a pure free market, the profit motive drives producers to engage in unfair business practices that undermine the free-market system itself.
C.	Theft, coercion, and fraud are fundamental features of a free-market economy.	
D.	Collective bargaining agreements always favor workers over their employers.	

**Global Incorrect Feedback**

The correct answer is: The profit motive undermines competition unless competition is protected. In a pure free market, the profit motive drives producers to engage in unfair business practices that undermine the free-market system itself.

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**Question 13a of 25** ( 2 Unfair business practices 233407 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does predatory pricing involve?

	Choice	Feedback
A.	A government charging tariffs to make foreign products cost more	
*B.	A large company charging below its production cost in order to eliminate competition	Correct! Predatory pricing is an unfair business practice used by large companies to drive away smaller competitors.
C.	Several companies making misleading statements about their products	
D.	A group of companies agreeing on a particular price to charge for their products	

**Global Incorrect Feedback**

The correct answer is: A large company charging below its production cost in order to eliminate competition. Predatory pricing is an unfair business practice used by large

companies to drive away smaller competitors.

### Question 13b of 25 ( 2 Unfair business practices 233408 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does price fixing involve?

	Choice	Feedback
*A.	A group of companies agreeing on a particular price to charge for their products	Correct! A group of companies, often a cartel, uses price fixing to agree on a price in order to raise prices and increase profits.
B.	A government charging tariffs to make foreign products cost more	
C.	A cartel setting a maximum output for the good that all members sell	
D.	A large company charging below its production cost in order to eliminate competition	

#### Global Incorrect Feedback

The correct answer is: A group of companies agreeing on a particular price to charge for their products. A group of companies, often a cartel, uses price fixing to agree on a price in order to raise prices and increase profits.

### Question 13c of 25 ( 2 Unfair business practices 233409 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does production limitation involve?

	Choice	Feedback
A.	A large company charging below its production cost in order to eliminate competition	
B.	A group of companies agreeing on a particular price to charge for their products	
*C.	A cartel setting a maximum output for the good that all members sell	Correct! Limiting production, thus reducing supply, pushes the price up as consumers compete with each other to purchase the good as the law of supply and demand shows.
D.	A government quota restricting the amount of	

imports from a certain country	
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**Global Incorrect Feedback**

The correct answer is: A cartel setting a maximum output for the good that all members sell. Limiting production, thus reducing supply, pushes the price up as consumers compete with each other to purchase the good as the law of supply and demand shows.

**Question 14a of 25** ( 2 Consumer protection regulations 233410 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Consumer-protection regulations are beneficial because they lead to what?

	Choice	Feedback
*A.	A decrease in injuries and death	Correct! Many consumer-protection regulations provide for safer products that reduce harm to consumers.
B.	Lower prices for consumers	
C.	An equitable distribution of wealth	
D.	Increased international competition	

**Global Incorrect Feedback**

The correct answer is: A decrease in injuries and deaths. Many consumer-protection regulations provide for safer products that reduce harm to consumers.

**Question 14b of 25** ( 2 Consumer protection regulations 233411 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Consumer-protection regulations are beneficial because they increase what?

	Choice	Feedback
A.	Equity	
B.	Innovation	
*C.	Consumer confidence	Correct! When consumers know that they are protected, they have more confidence

		that the products they buy are safe and truthfully advertised.
D.	International trade	

**Global Incorrect Feedback**

The correct answer is: Consumer confidence. When consumers know that they are protected, they have more confidence that the products they buy are safe and truthfully advertised.

**Question 14c of 25** ( 2 Consumer protection regulations 233412 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: One drawback to consumer-protection regulations is that they lead to what?

	Choice	Feedback
*A.	Higher prices	Correct! Complying with consumer-protection regulations costs producers money, and they pass these costs along to consumers.
B.	A recession	
C.	More taxation	
D.	A budget deficit	

**Global Incorrect Feedback**

The correct answer is: Higher prices. Complying with consumer-regulations costs producers money, and they pass these costs along to consumers.

**Question 15a of 25** ( 2 Consumer protection regulations 233413 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do government regulations lead to higher prices for consumers?

	Choice	Feedback
A.	Most regulations result in transfer payments.	
B.	Enforcement of these regulations raises taxes.	
C.	Regulations have a diminishing marginal utility.	

<b>*D.</b>	The costs of compliance are passed on to the consumer.	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
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**Global Incorrect Feedback**

The correct answer is: The costs of compliance are passed on to the consumer. Complying with consumer-regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

**Question 15b of 25** ( 2 Consumer protection regulations 233414 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why do government regulations lead to higher prices for consumers?

	Choice	Feedback
<b>*A.</b>	Producers pass along the costs of compliance.	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
<b>B.</b>	They limit the input of natural resources.	
<b>C.</b>	Wages reductions decrease purchasing power.	
<b>D.</b>	Taxes must be raised to enforce these regulations.	

**Global Incorrect Feedback**

The correct answer is: Producers pass along the costs of compliance. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

**Question 15c of 25** ( 2 Consumer protection regulations 233415 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What does complying with consumer-protection regulations do?

	Choice	Feedback
A.	Pushes investors away from the commodity market	
*B.	Increases production costs and raises prices	Correct! Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.
C.	Leads to reduced wages and increased taxes	
D.	Requires a regressive system of taxation	

**Global Incorrect Feedback**

The correct answer is: Increases production costs and raises prices. Complying with consumer-protection regulations costs producers money, which increases production costs that are eventually passed along to consumers in the form of higher prices.

**Question 16a of 25** ( 2 Consumer protection regulations 233416 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Consumer-protection regulations do *not* involve what?

	Choice	Feedback
A.	Government spending	
B.	Government safety testing	
*C.	Government censorship	Correct! The government censors to control the population, not to protect consumers.
D.	Government oversight of the production	

**Global Incorrect Feedback**

The correct answer is: Government censorship. The government censors to control the population, not to protect consumers.

**Question 16b of 25** ( 2 Consumer protection regulations 233417 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is *not* necessary for the enforcement of consumer-

protection regulations?

	Choice	Feedback
A.	Safety testing	
B.	Budget allocations	
*C.	Censorship	Correct! The government censors to control the population, not to protect consumers.
D.	Government agencies	

**Global Incorrect Feedback**

The correct answer is: Censorship. The government censors to control the population, not to protect consumers.

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**Question 16c of 25** ( 2 Consumer protection regulations 233418 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one thing the government must do to enforce consumer-protection regulations?

	Choice	Feedback
A.	Create income tax brackets	
*B.	Test new products for safety and effectiveness	Correct! The government makes sure that the products that are brought to market are safe for consumers to use, and that they do what they're supposed to do.
C.	Pass environmental-protection laws	
D.	Prevent cartels from limiting production levels	

**Global Incorrect Feedback**

The correct answer is: Test new products for safety and effectiveness. The government makes sure that the products that are brought to market are safe for consumers to use, and that they do what they're supposed to do.

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**Question 17a of 25** ( 1 Circular flow 233419 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each participant in the economy with one action that contributes



to the circular flow of the free-market system.

Choice Text	Correct Match	Match Text
A. Consumers	C.	Collecting taxes
B. Producers	A.	Providing investment capital
C. Governments	B.	Paying wages

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Consumers: Providing investment capital; Producers: Paying wages; Governments: Collecting taxes.

### Question 17b of 25 ( 1 Circular flow 233420 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each role with the action performed by people playing that role.

Choice Text	Correct Match	Match Text
A. Consumer	B.	Provide individual goods
B. Producer	C.	Provide public goods
C. Government	A.	Provide labor and investment

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Consumer: Provide labor and investment; Producer: Provide individual goods; Government: Provide public goods.

### Question 17c of 25 ( 1 Circular flow 233421 )

Maximum Attempts: 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each action with the economic players who perform that action.

Choice Text	Correct Match	Match Text
A. Provide labor	B.	Producers
B. Create goods and services	A.	Consumers
C. Protect competition	C.	Governments

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Provide labor: Consumers; Creating goods and services: Producers; Protecting competition: Governments.

---

### Question 18a of 25 ( 3 Limiting economic choices 233422 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What does the enforcement of antitrust laws do?

	Choice	Feedback
A.	Curtails venture capital investment	
*B.	Speeds up the flow of capital and wages	Correct! Antitrust laws increase the number of producers, providing a wider channel for expenditures to flow through, which then speeds up the flow of investments and wages.
C.	Leads to budget surpluses	
D.	Requires issuing bonds	

#### Global Incorrect Feedback

The correct answer is: Speeds up the flow of capital and wages. Antitrust laws increase the number of producers, providing a wider channel for expenditures to flow through, which then speeds up the flow of investments and wages.

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### Question 18b of 25 ( 3 Limiting economic choices 233423 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does increasing consumer confidence do?

	Choice	Feedback
A.	Increases production costs	
B.	Diverts resources to market research	
C.	Eliminates the circular flow of the free market	
*D.	Increases purchases from producers	Correct! When consumers are protected they feel secure and typically buy more goods and services.

#### Global Incorrect Feedback

The correct answer is: Increases purchases from producers. When consumers are protected they feel secure and typically buy more goods and services.

---

### Question 18c of 25 ( 3 Limiting economic choices 233424 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What speeds up the flow of investment and wages in the circular flow of the free-market system?

	Choice	Feedback
A.	National defense	
*B.	Antitrust laws	Correct! When competition is protected, there are incentives to become efficient and innovative, and investment increases, bringing wage increases along with it.
C.	Educational requirements	
D.	Fractional reserve banking	

#### Global Incorrect Feedback

The correct answer is: Antitrust laws. When competition is protected, there are incentives to become efficient and innovative, and investment increases, bringing wage increases along with it.

---

### Question 19a of 25 ( 3 Limiting economic choices 233425 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a labor law?

	Choice	Feedback
A.	A limitation on pollution	
B.	A law against bid rigging	
*C.	A minimum-wage requirement	Correct! Labor laws regulate wages as well as workplaces.
D.	A regulation against price fixing	

**Global Incorrect Feedback**

The correct answer is: A minimum-wage requirement. Labor laws regulate wages as well as workplaces.

---

**Question 19b of 25** ( 3 Limiting economic choices 233426 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a land-use law?

	Choice	Feedback
*A.	A residential zoning ordinance	Correct! A zoning ordinance that restricts owners from building anything but residences is an example of a land-use law.
B.	A regulation against pollution	
C.	A law against children working in mines	
D.	A tax on the value of a house	

**Global Incorrect Feedback**

The correct answer is: A residential zoning ordinance. A zoning ordinance that restricts owners from building anything but residences is an example of a land-use law.

---

**Question 19c of 25** ( 3 Limiting economic choices 233427 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of these is an example of a trade restriction?

	Choice	Feedback
A.	A tax on all sales	
*B.	A tariff on imported cars	Correct! Tariffs restrict trade by making it more expensive to buy imported goods, thus limiting imports.
C.	A zoning ordinance	
D.	A law against cartels	

**Global Incorrect Feedback**

The correct answer is: A tariff on imported cars. Tariffs restrict trade by making it more expensive to buy imported goods, thus limiting imports.

---

**Question 20a of 25** ( 2 Limiting economic choices 233428 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The government might enact a price ceiling in order to accomplish what?

	Choice	Feedback
A.	Prevent rationing	
B.	Increase supply	
*C.	Protect the poor	Correct! By keeping prices to a certain maximum, price ceilings guarantee that certain basics are affordable to everyone.
D.	Get out of debt	

**Global Incorrect Feedback**

The correct answer is: Protect the poor. By keeping prices to a certain maximum, price ceilings guarantee that certain basics are affordable to everyone.

---

**Question 20b of 25** ( 2 Limiting economic choices 233429 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The government might enact a price floor in order to accomplish what?

	Choice	Feedback
A.	Increase demand	
B.	Prevent a budget deficit	
C.	Reduce the money supply	
*D.	Protect producers	Correct! By guaranteeing a minimum price for certain goods, producers are protected from going out of business because of lack of revenue.

**Global Incorrect Feedback**

The correct answer is: Protect producers. By guaranteeing a minimum price for certain goods, producers are protected from going out of business because of lack of revenue.

**Question 20c of 25** ( 2 Limiting economic choices 233430 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The government can prevent the shortages that accompany price ceilings by doing what?

	Choice	Feedback
*A.	Rationing	Correct! By rationing the goods with a price ceiling, the government can make sure that an adequate supply of that good is assured for everyone.
B.	Issuing bonds	
C.	Printing more money	
D.	Providing public goods	

**Global Incorrect Feedback**

The correct answer is: Rationing. By rationing the goods with a price ceiling, the government can make sure that an adequate supply of that good is assured for everyone.

**Question 21a of 25** ( 2 Limiting personal choices 233431 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of freezing someone's assets?

	Choice	Feedback
A.	To reduce unemployment	
*B.	To reduce crime	Correct! Freezing assets prevents terrorists and criminals from accessing their bank accounts, which limits their criminal activities.
C.	To restrict trade	
D.	To pay off the national debt	

**Global Incorrect Feedback**

The correct answer is: Reduce crime. Freezing assets prevents terrorists and criminals from accessing their bank accounts, which limits their criminal activities.

**Question 21b of 25** ( 2 Limiting personal choices 233432 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What do banking regulations prohibit?

	Choice	Feedback
A.	Freezing assets	
B.	Lowering interest rates	
*C.	Money laundering	Correct! Money laundering is an illegal practice engaged in to hide the origin of funds acquired through criminal activity.
D.	Selling government bonds	

**Global Incorrect Feedback**

The correct answer is: Money laundering. Money laundering is an illegal practice engaged in to hide the origin of funds acquired through criminal activity.

**Question 21c of 25** ( 2 Limiting personal choices 233433 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What do capital controls prevent?

	Choice	Feedback
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<b>*A.</b>	Hasty movements of money into and out of a country's economic system	Correct! Capital controls prevent the economic disruptions that can come from rapid swings in investment levels.
<b>B.</b>	Buying and selling foreign currencies with borrowed money	
<b>C.</b>	Large-scale exports of extremely low-priced agricultural goods	
<b>D.</b>	Trading contracts for the future production of monetary commodities	

**Global Incorrect Feedback**

The correct answer is: Hasty movements of money into and out of a country's economic system. Capital controls prevent the economic disruptions that can come from rapid swings in investment levels.

**Question 22a of 25** ( 3 Limiting economic choices 233434 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of restriction with an example of its use.

Choice Text	Correct Match	Match Text
<b>A.</b> Land-use law	<b>A.</b>	Limitation of two houses per acre in the residential section of a town
<b>B.</b> Labor law	<b>C.</b>	Requiring that 15 percent of assets be kept on hand in a vault
<b>C.</b> Banking regulation	<b>B.</b>	Restriction of underage workers to 20 hours per week

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Land-use law: Limitation of two houses per acre in the residential section of a town; Labor law: Restriction of underage workers to 20 hours per week; Banking regulation: Requiring that 15 percent of assets be kept on hand in a vault.



### Question 22b of 25 ( 3 Limiting economic choices 233435 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of restriction with an example of its use.

Choice Text	Correct Match	Match Text
A. Price ceiling	A.	Limiting the price of a gallon of gas to \$2
B. Trade restriction	B.	Charging a 50 percent tariff on imported cotton
C. Labor law	C.	Requiring that all workers be paid at least \$5.15 per hour

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Price ceiling: Limiting the price of a gallon of gas to \$2; Trade restriction: Charging a 50 percent tariff on imported cotton; Labor law: Requiring that all workers be paid at least \$5.15 per hour.

### Question 22c of 25 ( 3 Limiting economic choices 233436 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of restriction with an example of its use.

Choice Text	Correct Match	Match Text
A. Trade restriction	C.	Requiring that money laundering be reported
B. Labor law	A.	Charging a 70 percent tariff on imported steel
C. Banking regulation	B.	Requiring unions to give 60 days notice before going on strike

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback	
	The correct answer is: Trade restriction: Charging a 70 percent tariff on imported steel; Labor law: Requiring unions to give 60 days notice before going on strike; Banking regulation: Requiring that money laundering be reported.

**Question 23a of 25** ( 1 Limiting other choices 233437 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Parental freedom is limited by laws requiring what?

	Choice	Feedback
A.	Educational subsidies	
B.	Uncensored textbooks	
*C.	Compulsory education	Correct! Parental freedom is limited when parents are forced to provide a certain type or level of education for their children.
D.	Public-school funding	

Global Incorrect Feedback
The correct answer is: Compulsory education. Parental freedom is limited when parents are forced to provide a certain type or level of education for their children.

**Question 23b of 25** ( 1 Limiting other choices 233438 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Censorship is a government-imposed limit on which of the following?

	Choice	Feedback
A.	Defense contractors' prices	
*B.	Individuals' freedom of expression	Correct! Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.
C.	Producers' allocation choices	
D.	Consumers' economic decisions	

**Global Incorrect Feedback**

The correct answer is: Individuals' freedom of expression. Censorship involves government intervention that restricts or entirely forbids certain ideas from being spoken or published.

**Question 23c of 25** ( 1 Limiting other choices 233439 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Environmental-protection laws limit what?

	Choice	Feedback
A.	Unfair business practices	
B.	Anticompetitive behavior	
C.	The use of alternative energy sources	
*D.	The exploitation of natural resources	Correct! Environmental-protection laws safeguard certain natural resources needed for a clean environment and future production.

**Global Incorrect Feedback**

The correct answer is: The exploitation of natural resources. Environmental-protection laws safeguard certain natural resources needed for a clean environment and future production.

**Question 24a of 25** ( 3 Limiting other choices 233440 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Environmental-protection laws are good for the economy because they do what?

	Choice	Feedback
A.	Reduce the price of goods and services	
B.	Make businesses more energy efficient	
*C.	Safeguard resources needed for future production	Correct! Environmental-protection laws prevent certain natural resources that are used in production from being completely used up.
D.	Create government jobs	

**Global Incorrect Feedback**

The correct answer is: Safeguard resources needed for future production. Environmental-protection laws prevent certain natural resources that are used in production from being completely used up.

**Question 24b of 25** ( 3 Limiting other choices 233441 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** The passage of environmental-protection laws results in what?

	Choice	Feedback
*A.	Higher prices	Correct! Like other regulations, environmental-protection laws cost a lot of money to comply with, and producers pass along these costs to consumers in the form of higher prices.
B.	More jobs	
C.	Wage cuts	
D.	Efficient production	

**Global Incorrect Feedback**

The correct answer is: Higher prices. Like other regulations, environmental-protection laws cost a lot of money to comply with, and producers pass along these costs to consumers in the form of higher prices.

**Question 24c of 25** ( 3 Limiting other choices 233442 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Environmental-protection laws can be bad for the economy because they may do what?

	Choice	Feedback
A.	Eliminate innovation	
B.	Limit consumer choice	
*C.	Increase unemployment	Correct! By raising production costs, environmental-protection laws often limit production levels, leading to the loss of jobs.

D.	Reduce government revenue	
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<b>Global Incorrect Feedback</b>
The correct answer is: Increase unemployment. By raising production costs, environmental-protection laws often limit production levels, leading to the loss of jobs.

**Question 25a of 25** ( 2 Limiting economic choices 233443 )

**Maximum Attempts:** 1  
**Question Type:** Matching  
**Maximum Score:** 2  
**Question:** Match each type of government action with its purpose.

Choice Text	Correct Match	Match Text
A. Taxation	C.	To control the population
B. Antitrust laws	A.	To collect revenue
C. Censorship	B.	To protect competition

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Taxation: To collect revenue; Antitrust laws: To protect competition; Censorship: To control the population.

**Question 25b of 25** ( 2 Limiting economic choices 233444 )

**Maximum Attempts:** 1  
**Question Type:** Matching  
**Maximum Score:** 2  
**Question:** Match each type of government action with its purpose.

Choice Text	Correct Match	Match Text
A. Tariffs	A.	To protect domestic industry
B. Anti-fraud laws	C.	To safeguard natural resources
C. Environmental-protection laws	B.	To guarantee free choice

Attempt	Incorrect Feedback

1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Tariffs: To protect domestic industry; Anti-fraud laws: To guarantee free choice; Environmental-protection laws: To safeguard natural resources.

**Question 25c of 25** ( 2 Limiting economic choices 233445 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of government action with its purpose.

Choice Text	Correct Match	Match Text
A. Subsidies	C.	To protect competition
B. Labor laws	B.	To protect workers
C. Antitrust laws	A.	To protect domestic industry

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Subsidies: To protect domestic industry; Labor laws: To protect workers; Antitrust laws: To protect competition.

PREVIEW

CLOSE

Quiz: It's a Small World

**Question 1a of 10** ( 1 Globalization 238732 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Globalization creates greater what?

	Choice	Feedback
A.	Opportunities for monopolies and oligopolies to form	
B.	Incentives to use protective tariffs, subsidies, and quotas	
*C.	Interconnections among the people and economies of the world	Correct! Globalization is bringing the countries of the world closer together.
D.	Production and labor costs for producers in developing countries	

**Global Incorrect Feedback**

The correct answer is: Interconnections among the people and economies of the world. Globalization is bringing the countries of the world closer together.

**Question 1b of 10** ( 1 Globalization 238733 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The increasing interconnectedness of peoples and countries around the world is known as what?

	Choice	Feedback
*A.	Globalization	Correct! Globalization is bringing the countries of the world closer together.
B.	Rationalization	
C.	Specialization	
D.	Transportation	

**Global Incorrect Feedback**

The correct answer is: Globalization. Globalization is bringing the countries of the

world closer together.

---

### Question 1c of 10 ( 1 Globalization 238734 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The process of globalization involves an increase in what?

	Choice	Feedback
A.	Wages for workers in developing countries	
B.	The use of protective tariffs, subsidies, and quotas	
C.	Market concentration in manufacturing industries	
*D.	The mobility of goods, services, labor, and capital	Correct! Globalization results in greater and more free flows of economic goods and services.

#### Global Incorrect Feedback

The correct answer is: The mobility of goods, services, labor, and capital. Globalization results in greater and more free flows of economic goods and services.

---

### Question 2a of 10 ( 2 Specialization 238735 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is required for specialization to take place?

	Choice	Feedback
A.	Labor unions	
*B.	A division of labor	Correct! Dividing up tasks allows workers or countries to specialize in something specific.
C.	Globalization	
D.	International trade	

#### Global Incorrect Feedback

The correct answer is: A division of labor. Dividing up tasks allows workers or countries to specialize in something specific.

---



### Question 2b of 10 ( 2 Specialization 238736 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The division of labor among workers or countries enables what?

	Choice	Feedback
*A.	Specialization	Correct! Dividing up tasks allows workers or countries to specialize in something specific.
B.	Free trade	
C.	Consumption	
D.	Globalization	

#### Global Incorrect Feedback

The correct answer is: Specialization. Dividing up tasks allows workers or countries to specialize in something specific.

---

### Question 2c of 10 ( 2 Specialization 238737 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When tasks in an economy are specialized, which of the following exists?

	Choice	Feedback
A.	Trading bloc	
*B.	Division of labor	Correct! Dividing up tasks allows workers or countries to specialize in something specific.
C.	Assembly line	
D.	Exchange regime	

#### Global Incorrect Feedback

The correct answer is: Division of labor. Dividing up tasks allows workers or countries to specialize in something specific.

---

### Question 3a of 10 ( 2 Specialization 238738 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Specialization in the global economy is restricted by what?

	Choice	Feedback
A.	The international banking system	
B.	Capital mobility	
*C.	Protective tariffs	Correct! Protectionism requires countries to provide more for themselves.
D.	Free trade	

**Global Incorrect Feedback**

The correct answer is: Protective tariffs.  
Protectionism requires countries to provide more for themselves.

---

**Question 3b of 10** ( 2 Specialization 238739 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What limits specialization in the global economy?

	Choice	Feedback
A.	Infrastructure	
*B.	Trade barriers	Correct! Protectionism requires countries to provide more for themselves.
C.	Multinational corporations	
D.	Different national currencies	

**Global Incorrect Feedback**

The correct answer is: Trade barriers.  
Protectionism requires countries to provide more for themselves.

---

**Question 3c of 10** ( 2 Specialization 238740 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Increasing specialization within the global economy depends on what?

	Choice	Feedback
*A.	International trade	Correct! In order to specialize, countries

		need to trade with each other for the goods and services they don't produce themselves.
B.	Trade barriers	
C.	Favorable climate	
D.	Strict banking regulations	

**Global Incorrect Feedback**

The correct answer is: International trade. In order to specialize, countries need to trade with each other for the goods and services they don't produce themselves.

**Question 4a of 10** ( 2 Specialization 238741 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When does one country have an absolute advantage over another country?

	Choice	Feedback
A.	When its workers earn higher wages	
B.	When its infrastructure is more advanced	
C.	When its government charges lower taxes	
*D.	When its production costs are lower	Correct! Absolute advantage comes when a country has more efficient production.

**Global Incorrect Feedback**

The correct answer is: When its production costs are lower. Absolute advantage comes when a country has more efficient production.

**Question 4b of 10** ( 2 Specialization 238742 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When does one country have a comparative advantage over another country?

	Choice	Feedback
A.	When its trade barriers are higher	
*B.	When the opportunity cost of its production is	Correct! Comparative advantage comes

	lower	when a country gives up less in order to produce a particular good.
C.	When its infrastructure is more advanced	
D.	When its workers don't need to be paid as much	

**Global Incorrect Feedback**

The correct answer is: When the opportunity cost of its production is lower. Comparative advantage comes when a country gives up less in order to produce a particular good.

**Question 4c of 10** ( 2 Specialization 238743 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When might a country specialize in producing a particular good?

	Choice	Feedback
A.	When it has high opportunity costs for producing that good	
B.	When it has a well-developed productive infrastructure	
*C.	When it has an absolute advantage in production of that good	Correct! Having an advantage in production makes it a good idea for a country to specialize and export the good to other countries.
D.	When its costs of transportation are particularly low	

**Global Incorrect Feedback**

The correct answer is: When it has an absolute advantage in production of that good. Having an advantage in production makes it a good idea for a country to specialize and export the good to other countries.

**Question 5a of 10** ( 1 Specialization 238744 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each of the terms below with its definition.

Choice Text	Correct Match	Match Text
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A. Absolute advantage	B.	The existence of lower opportunity costs than competitors
B. Comparative advantage	D.	The existence of barriers to free-flowing trade
C. Opportunity cost	C.	The best alternative given up by a particular production decision
D. Protectionism	A.	The ability to produce more cheaply

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Absolute advantage: The ability to produce more cheaply; Comparative advantage: The existence of lower opportunity costs than competitors; Opportunity cost: The best alternative given up by a particular production decision; Protectionism: The existence of barriers to free-flowing trade.

### Question 5b of 10 ( 1 Specialization 238745 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the terms below with its definition.

Choice Text	Correct Match	Match Text
A. Absolute advantage	D.	The tight connection between different countries' economies
B. Comparative advantage	B.	The existence of lower opportunity costs than competitors
C. Specialization	A.	The ability to produce more cheaply
D. Interdependence	C.	The performance of a particular productive task within an economic system

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Absolute advantage: The ability to produce more cheaply; Comparative advantage: The existence of lower opportunity costs than competitors; Specialization: The

	performance of a particular productive task within an economic system; Interdependence: The tight connection between different countries' economies.
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**Question 5c of 10** ( 1 Specialization 238746 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the terms below with its definition.

Choice Text	Correct Match	Match Text
A. Absolute advantage	A.	The ability to produce more cheaply
B. Comparative advantage	B.	The existence of lower opportunity costs than competitors
C. Specialization	C.	The performance of a particular productive task within an economic system
D. Protectionism	D.	The existence of barriers to free-flowing trade

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer: Absolute advantage: The ability to produce more cheaply; Comparative advantage: The existence of lower opportunity costs than competitors; Specialization: The performance of a particular productive task within an economic system; Protectionism: The existence of barriers to free-flowing trade.

**Question 6a of 10** ( 2 Specialization 238747 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is one of the benefits of increasing economic interdependence?

	Choice	Feedback
A.	Increased economic sovereignty	
*B.	Greater economic growth	Correct! Interdependence enables specialization, which promotes growth

		because specialized production is more efficient.
C.	Higher tax revenues for all governments	
D.	Improved protection for domestic producers	

**Global Incorrect Feedback**

The correct answer is: Greater economic growth. Interdependence enables specialization, which promotes growth because specialized production is more efficient.

**Question 6b of 10** ( 2 Specialization 238748 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the downsides of increasing economic interdependence?

	Choice	Feedback
A.	Higher prices for goods and services	
B.	Reduced tax revenues for all governments	
*C.	Loss of control over the national economy	Correct! Countries become subject to global market forces when their economies are interdependent.
D.	A lower standard of living around the world	

**Global Incorrect Feedback**

The correct answer is: Loss of control over the national economy. Countries become subject to global market forces when their economies are interdependent.

**Question 6c of 10** ( 2 Specialization 238749 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What effect does increasing economic interdependence have on the countries of the world?

	Choice	Feedback
*A.	Growing international trade and rising standards of living	Correct! Interdependence enables specialization, which leads to efficient trade and economic growth that drives up standards of living.

B.	Greater power for international organizations	
C.	Trade wars and the increase of protective trade policies	
D.	A loss of comparative advantage for developed countries	

**Global Incorrect Feedback**

The correct answer is: Growing international trade and rising standards of living. Interdependence enables specialization, which leads to efficient trade and economic growth that drives up standards of living.

**Question 7a of 10** ( 2 Global patterns 238750 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following was *not* an economic effect of colonization?

	Choice	Feedback
A.	Greater trade restrictions	
B.	A one-way flow of wealth	
*C.	Global economic development	Correct! Because of trade restrictions and underdevelopment, colonization did not lead to overall global development.
D.	Privileged access to colonial markets	

**Global Incorrect Feedback**

The correct answer is: Global economic development. Because of trade restrictions and underdevelopment, colonization did not lead to overall global development.

**Question 7b of 10** ( 2 Global patterns 238751 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: During the period of colonization, developed countries did what?

	Choice	Feedback
A.	Raised the standard of living worldwide	
B.	Helped their colonies build their infrastructure	



*C.	Extracted resources from their colonies	Correct! Colonization involved a one-way flow of wealth from colonies to colonizers.
D.	Lowered trade barriers to promote economic growth	

**Global Incorrect Feedback**

The correct answer is: Extracted resources from their colonies. Colonization involved a one-way flow of wealth from colonies to colonizers.

**Question 7c of 10** ( 2 Global patterns 238752 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What was the relationship between colonizing countries and their colonies?

	Choice	Feedback
A.	The colonizers provided a market for goods produced in their colonies.	
*B.	The colonizers used the resources of their colonies to grow their own economies.	Correct! Colonization involved a one-way flow of wealth from colonies to colonizers.
C.	The colonizers exchanged investment capital for luxury goods from their colonies.	
D.	The colonizers helped their colonies build their infrastructure to foster economic independence.	

**Global Incorrect Feedback**

The correct answer is: The colonizers used the resources of their colonies to grow their own economies. Colonization involved a one-way flow of wealth from colonies to colonizers.

**Question 8a of 10** ( 1 Global patterns 238753 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does *not* promote greater international trade?

	Choice	Feedback
A.	The reduction of trade barriers	
B.	Improvements in communication	

*C.	Higher tax and tariff levels	Correct! Trade restrictions lead to reduced international trade because trade has higher costs when there are high taxes and tariffs.
D.	The development of infrastructure	

**Global Incorrect Feedback**

The correct answer is: Higher tax and tariff levels. Trade restrictions lead to reduced international trade because trade has higher costs when there are high taxes and tariffs.

**Question 8b of 10** ( 1 Global patterns 238754 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does *not* promote increased international trade and economic growth?

	Choice	Feedback
A.	Industrialization	
B.	Trade liberalization	
C.	Technological improvements	
*D.	High tariffs	Correct! Trade restrictions lead to reduced international trade because trade has higher costs when there are high taxes and tariffs.

**Global Incorrect Feedback**

The correct answer is: High tariffs. Trade restrictions lead to reduced international trade because trade has higher costs when there are high taxes and tariffs.

**Question 8c of 10** ( 1 Global patterns 238755 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an important factor promoting increased international trade?

	Choice	Feedback
*A.	The reduction of trade barriers	Correct! Reducing tariffs, quotas, and subsidies promotes international trade

		because the costs of trade are reduced when trade barriers are taken down.
<b>B.</b>	The decrease of workers' wages	
<b>C.</b>	The regulation of the international banking system	
<b>D.</b>	The comparative advantage of developed countries	

**Global Incorrect Feedback**

The correct answer is: The reduction of trade barriers. Reducing tariffs, quotas, and subsidies promotes international trade because the costs of trade are reduced when trade barriers are taken down.

**Question 9a of 10** ( 3 Global patterns 238756 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each current trend in the global economy with one of its economic effects.

Choice Text	Correct Match	Match Text
<b>A.</b> Increased communication	<b>B.</b>	Greater mobility of goods and labor
<b>B.</b> Trade liberalization	<b>D.</b>	Economic growth in developing countries
<b>C.</b> Infrastructure development	<b>C.</b>	Improved production and transportation
<b>D.</b> Industrialization	<b>A.</b>	Outsourcing in the high-tech industry

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answer is: Increased communication: Outsourcing in the high-tech industry; Trade liberalization: Greater mobility of goods and labor; Infrastructure development: Improved production and transportation; Industrialization: Economic growth in developing countries.

### Question 9b of 10 ( 3 Global patterns 238757 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each current trend with one of its effects on international trade.

Choice Text	Correct Match	Match Text
A. Improved communication	B.	Reduction of barriers to international trade
B. Trade liberalization	A.	Broadening of international trade
C. Infrastructure development	D.	Spread of international trade to developing countries
D. Industrialization	C.	Facilitation of smoother international trade

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Improved communication: Broadening of international trade; Trade liberalization: Reduction of barriers to international trade; Infrastructure development: Facilitation of smoother international trade; Industrialization: Spread of international trade to developing countries.

### Question 9c of 10 ( 3 Global patterns 238758 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each current trend with the advantage it provides for the global economy.

Choice Text	Correct Match	Match Text
A. Improved communication	A.	Facilitates international business and trade
B. Reduction of trade barriers	B.	Allows for a greater mobility of goods and labor
C. Development of infrastructure	D.	Enables economic growth in developing countries
D. Industrialization	C.	Reduces production and transportation costs

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Improved communication: Facilitates international business and trade. Reduction of trade barriers: Allows for a greater mobility of goods and labor. Development of infrastructure: Reduces production and transportation costs. Industrialization: Enables economic growth in developing countries.

### Question 10a of 10 ( 2 Global patterns 238759 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one negative effect of current patterns in global trade?

	Choice	Feedback
A.	Lower production costs in developing countries	
B.	Reduced prices for goods and services	
C.	Slow economic growth worldwide	
*D.	Job loss and wage decreases in developed countries	Correct! Developed countries are losing jobs to countries where wages and other production costs are lower.

<b>Global Incorrect Feedback</b>
The correct answer is: Job loss and wage decreases in developed countries. Developed countries are losing jobs to countries where wages and other production costs are lower.

### Question 10b of 10 ( 2 Global patterns 238760 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the drawbacks to globalization?

	Choice	Feedback
A.	Developing countries are industrializing and improving infrastructure at a rapid rate.	
*B.	Countries and businesses must reduce wages	Correct! International competition for

	paid to workers in order to attract foreign investment.	investment puts countries into the position of having to offer the lowest possible production costs, particularly wages, to lure producers into their economy.
C.	Producers have increased freedom to move their operations to lower-cost regions of the world.	
D.	Companies charge lower prices for their goods and services to compete in the global economy.	

**Global Incorrect Feedback**

The correct answer is: Countries and businesses must reduce wages paid to workers in order to attract foreign investment. International competition for investment puts countries into the position of having to offer the lowest possible production costs, particularly wages, to lure producers into their economy.

**Question 10c of 10** ( 2 Global patterns 238761 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the benefits of the current pattern of global trade?

	Choice	Feedback
A.	Wealth is concentrated in developed countries.	
B.	Economic growth in developing countries is slowing.	
C.	Jobs are moved from developed to developing countries.	
*D.	Consumers pay lower prices for goods and services.	Correct! Globalization has resulted in lower production costs, particularly because of reduced wages that result from international competition for investment, and those lower costs are passed on to the consumer in the form of lower prices.

**Global Incorrect Feedback**

The correct answer is: Consumers pay lower prices for goods and services. Globalization has resulted in lower production costs, particularly because of reduced wages that result from international competition for investment, and those lower costs are passed on to the

consumer in the form of lower prices.

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PREVIEW

CLOSE

Quiz: The Challenges of Globalization

Question 1a of 10 ( 2 Effects of Globalization 239237 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following is *not* a hazard of globalization?

	Choice	Feedback
A.	Unequal economic development	
B.	Environmental damage	
C.	Exploitation of workers	
*D.	Increased prices	Correct! Globalization tends to lead to lower prices as international competition drives countries to offer lower production costs to lure investment.

Global Incorrect Feedback

The correct answer is: Increased prices. Globalization tends to lead to lower prices as international competition drives countries to offer lower production costs to lure investment.

Question 1b of 10 ( 2 Effects of Globalization 239238 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Globalization can lead to radically unequal economic growth because of what?

	Choice	Feedback
A.	Cultural and political disruptions	
B.	The mobility of investment capital	
C.	A lack of world economic government	
*D.	An unequal distribution of economic power	Correct! Economic growth is easier for countries that already have advanced economies and well-established infrastructure and industrial capacity.

Global Incorrect Feedback

The correct answer is: An unequal distribution



of economic power. Economic growth is easier for countries that already have advanced economies and well-established infrastructure and industrial capacity.

**Question 1c of 10** ( 2 Effects of Globalization 239239 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why do globalization and increasing interdependence pose risks to the global economy?

	Choice	Feedback
*A.	Disruptions in one place have effects everywhere.	Correct! Globalization brings interdependence, which makes countries mutually vulnerable to economic problems.
B.	There is no consistent set of international regulations.	
C.	Worldwide competition leads to market concentration.	
D.	Global production cannot be as efficient as national production.	

**Global Incorrect Feedback**

The correct answer is: Disruptions in one place have effects everywhere. Globalization brings interdependence, which makes countries mutually vulnerable to economic problems.

**Question 2a of 10** ( 2 Effects of Globalization 239240 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these has occurred during the most recent period of globalization?

	Choice	Feedback
*A.	The income gap between rich and poor countries has widened.	Correct! The benefits of globalization are disproportionately going to the developed countries with the well-established infrastructure and industrial capacities needed to take advantage of increasing international trade.
B.	Currency instability has led to a slowdown of	

	international trade.	
C.	Developed countries have extracted natural resources from colonies.	
D.	More trade wars have flared up because of the increasing use of protective tariffs.	

**Global Incorrect Feedback**

The correct answer is: The income gap between rich and poor countries has widened. The benefits of globalization are disproportionately going to the developed countries with the well-established infrastructure and industrial capacities needed to take advantage of increasing international trade.

**Question 2b of 10** ( 2 Effects of Globalization 239241 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the negative effects of globalization?

	Choice	Feedback
A.	A slowdown of growth in high technology industries	
*B.	An increasing income gap between rich and poor countries	Correct! The benefits of globalization are disproportionately going to the developed countries with the well-established infrastructure and industrial capacities needed to take advantage of increasing international trade.
C.	Underdeveloped countries losing jobs to developed countries	
D.	Runaway inflation undermining purchasing power in developed countries	

**Global Incorrect Feedback**

The correct answer is: An increasing income gap between rich and poor countries. The benefits of globalization are disproportionately going to the developed countries with the well-established infrastructure and industrial capacities needed to take advantage of increasing international trade.

**Question 2c of 10** ( 2 Effects of Globalization 239242 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The most recent period of globalization increased the global GDP at the same time it did what else?

	Choice	Feedback
A.	Reduced both prices and wages	
B.	Led to smaller profits for businesses	
C.	Led to runaway unemployment in developed countries	
*D.	Widened the income gap between rich and poor countries	Correct! The benefits of globalization are disproportionately going to the developed countries with the well-established infrastructure and industrial capacities needed to take advantage of increasing international trade.

**Global Incorrect Feedback**

The correct answer is: Widened the income gap between rich and poor countries. The benefits of globalization are disproportionately going to the developed countries with the well-established infrastructure and industrial capacities needed to take advantage of increasing international trade.

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**Question 3a of 10** ( 2 Country Development 239243 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of the following characterizes developing countries?

	Choice	Feedback
A.	Rich natural resources	
B.	Rapid economic growth	
C.	High-tech infrastructure	
*D.	A low standard of living	Correct! People in developing countries have low incomes compared to people in developed countries.

**Global Incorrect Feedback**

The correct answer is: A low standard of living. People in developing countries have low incomes compared to people in developed countries.

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### Question 3b of 10 ( 2 Country Development 239244 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the main difference between developed countries and developing countries?

	Choice	Feedback
A.	The rate of economic growth	
B.	The amount of natural resources	
*C.	The income level and standard of living	Correct! People in developing countries have less purchasing power than people in developed countries.
D.	The level of tariffs and subsidies	

#### Global Incorrect Feedback

The correct answer is: The income level and standard of living. People in developing countries have less purchasing power than people in developed countries.

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### Question 3c of 10 ( 2 Country Development 239245 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is the largest difference between developed and developing countries?

	Choice	Feedback
A.	The average lifespan	
*B.	The level of wealth	Correct! People in developing countries have less purchasing power than people in developed countries.
C.	The type of industries	
D.	The amount of natural resources	

#### Global Incorrect Feedback

The correct answer is: The level of wealth. People in developing countries have less purchasing power than people in developed countries.

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### Question 4a of 10 ( 2 Country Development 239246 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is true of the majority of the world's countries today?

	Choice	Feedback
A.	They are shifting to industrial production.	
B.	They are enacting protective trade policies.	
*C.	They are left on the margins of globalization.	Correct! Many countries are too underdeveloped to take advantage of the opportunities presented by increasing international trade.
D.	They are experiencing increasing economic growth rates.	

#### Global Incorrect Feedback

The correct answer is: They are left on the margins of globalization. Many countries are too underdeveloped to take advantage of the opportunities presented by increasing international trade.

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### Question 4b of 10 ( 2 Country Development 239247 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which two countries are the biggest and most successful of the "new globalizers"?

	Choice	Feedback
A.	Iran and Iraq	
*B.	China and India	Correct! China and India are rapidly developing and taking advantage of the opportunities presented by increasing international trade.
C.	Japan and Germany	
D.	The United States and Canada	

#### Global Incorrect Feedback

The correct answer is: China and India. China and India are rapidly developing and taking advantage of the opportunities presented by increasing international trade.

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### Question 4c of 10 ( 2 Country Development 239248 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What has happened recently in the group of countries known as the "new globalizers"?

	Choice	Feedback
A.	There has been a slowdown in economic growth rates.	
B.	There has been an increase in both wealth and poverty.	
*C.	There has been a dramatic increase in international trade.	Correct! Countries like China and India are rapidly developing and taking advantage of the opportunities presented by increasing international trade.
D.	There has been a big loss of jobs to underdeveloped countries.	

#### Global Incorrect Feedback

The correct answer is: There has been a dramatic increase in international trade. Countries like China and India are rapidly developing and taking advantage of the opportunities presented by increasing international trade.

### Question 5a of 10 ( 2 Country Development 239249 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the main reason why some developing countries fear the increase of free-trade policies around the world?

	Choice	Feedback
*A.	Their industries are too weak to compete with foreign competitors.	Correct! Developing countries have little infrastructure or industrial capacity, making their domestic industries weak in comparison to those in developed countries.
B.	Their natural resources need to be protected against exploitation.	
C.	Their main source of government revenue is protective tariffs.	
D.	Their laws require wages that are too high to	

	lure foreign producers.	
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**Global Incorrect Feedback**

The correct answer is: Their industries are too weak to compete with foreign competitors. Developing countries have little infrastructure or industrial capacity, making their domestic industries weak in comparison to those in developed countries.

**Question 5b of 10** ( 2 Country Development 239250 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why have many developing countries failed to benefit from the spread of free trade around the world?

	Choice	Feedback
A.	Developing countries don't possess the natural resources needed to fuel industrial production.	
B.	Developing countries owe so much debt that their governments aren't able to invest in infrastructure improvement.	
C.	Developed countries have stopped giving large amounts of foreign aid at the same time that trade barriers have come down.	
*D.	Developed countries continue to maintain high tariffs on the agricultural goods that developing countries export in large numbers.	Correct! While free-trade policies are the norm for global trade, the agricultural industry is a major exception to this trend.

**Global Incorrect Feedback**

The correct answer is: Developed countries continue to maintain high tariffs on the agricultural goods that developing countries export in large numbers. While free-trade policies are the norm for global trade, the agricultural industry is a major exception to this trend.

**Question 5c of 10** ( 2 Country Development 239251 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** How do developed countries maintain an advantage over developing countries in international trade?

	Choice	Feedback
A.	They invest large amounts of money in high-technology productive processes.	
B.	They reduce their levels of foreign aid as developing countries lower their trade barriers.	
*C.	They maintain high tariffs on the agricultural goods that many developing countries export.	Correct! While free-trade policies are the norm for global trade, the agricultural industry is a major exception to this trend.
D.	They use trade embargoes to prevent developing countries from exporting manufactured goods.	

**Global Incorrect Feedback**

The correct answer is: They maintain high tariffs on the agricultural goods that many developing countries export. While free-trade policies are the norm for global trade, the agricultural industry is a major exception to this trend.

**Question 6a of 10** ( 1 Effects of Globalization 239252 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Globalization has increased which of the following throughout the world?

	Choice	Feedback
A.	Trade sanctions	
*B.	The migration of workers	Correct! Globalization increases the flow of all factors of production, labor, investment, and natural resources.
C.	Environmental regulations	
D.	The use of renewable energies	

**Global Incorrect Feedback**

The correct answer is: The migration of workers. Globalization increases the flow of all factors of production, labor, investment, and natural resources.

**Question 6b of 10** ( 1 Effects of Globalization 239253 )

Maximum Attempts: 1

Question Type: Multiple Choice



Maximum Score: 2

Question: What has contributed to the increase in labor migration during the recent period of globalization?

	Choice	Feedback
A.	The WTO has succeeded in eliminating many immigration laws.	
B.	The number of repressive governments has decreased drastically.	
C.	Companies are investing in countries that have favorable labor laws.	
*D.	Workers are going to developed countries in search of better-paying jobs.	Correct! Globalization increases the mobility of all factors of production, including labor.

**Global Incorrect Feedback**

The correct answer is: Workers are going to developed countries in search of better-paying jobs. Globalization increases the mobility of all factors of production, including labor.

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**Question 6c of 10** ( 1 Effects of Globalization 239254 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is happening in the information technology sector of the global economy?

	Choice	Feedback
*A.	Many information technology jobs are shifting from developed countries to the new globalizers.	Correct! Globalization increases the mobility of all factors of production, including labor.
B.	Automation has reduced the total number of information technology jobs worldwide.	
C.	Wages for information technology jobs are increasing faster than in other industries.	
D.	The use of scarce natural resources has accelerated the pace of technological development.	

**Global Incorrect Feedback**

The correct answer is: Many information technology jobs are shifting from developed countries to the new globalizers. Globalization increases the mobility of all factors of production, including labor.

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### Question 7a of 10 ( 2 Effects of Globalization 239255 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does globalization contribute to the rise of international terrorism?

	Choice	Feedback
A.	Globalization has enabled terrorists to raise more money to support their activities.	
B.	Globalization has created new environmental problems that threaten millions of lives.	
*C.	Globalization has resulted in turmoil and dislocation for many people around the world.	Correct! The downsides of globalization are felt by many people who often have nowhere to turn other than violence.
D.	Globalization has made governments weaker and less able to pursue a national security strategy.	

#### Global Incorrect Feedback

The correct answer is: Globalization has resulted in turmoil and dislocation for many people around the world. The downsides of globalization are felt by many people who often have nowhere to turn other than violence.

### Question 7b of 10 ( 2 Effects of Globalization 239256 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why has globalization enabled countries that abuse human rights to continue to do so?

	Choice	Feedback
A.	New technologies enable repressive governments to censor the news more effectively.	
*B.	Companies taking advantage of low labor costs don't make trouble for repressive governments.	Correct! Companies are more interested in profits than in human rights, so they generally don't have a problem with the style of a government as long as the investment climate is safe and production costs are low.
C.	The lack of a world government makes it problematic to define universal norms of human rights.	

D.	Increased interdependence means that democratic countries rely on repressive governments for political support.	
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**Global Incorrect Feedback**

The correct answer is: Companies taking advantage of low labor costs don't make trouble for repressive governments. Companies are more interested in profits than in human rights, so they generally don't have a problem with the style of a government as long as the investment climate is safe and production costs are low.

**Question 7c of 10** ( 2 Effects of Globalization 239257 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why has globalization resulted in increasing environmental damage around the world?

	Choice	Feedback
A.	Improvements in technology have enabled companies to introduce more efficient productive processes.	
B.	Companies are able to benefit from lower labor costs that enable them to use natural resources more efficiently.	
C.	Weak governments are less and less able to enforce the environmental regulations that protect against pollution.	
*D.	The profit motive drives companies that are competing in the global marketplace to exploit natural resources.	Correct! Increasing international competition means that producers must be as efficient as possible, and protecting the environment involves extra costs that many producers can't shoulder without losing business.

**Global Incorrect Feedback**

The correct answer is: The profit motive drives companies that are competing in the global marketplace to exploit natural resources. Increasing international competition means that producers must be as efficient as possible, and protecting the environment involves extra costs that many producers can't shoulder without losing business.

### Question 8a of 10 ( 3 Effects of Globalization 239258 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each of the global business practices with an example of its use.

Choice Text	Correct Match	Match Text
A. Offshoring	A.	A U.S. car company begins making certain car parts in Bangladesh.
B. Outsourcing	C.	A Japanese car company opens a factory in the United States.
C. Insourcing	B.	A U.S. car company hires a South Korean company to make its tires.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Offshoring: A U.S. car company begins making certain car parts in Bangladesh; Outsourcing: A U.S. car company hires a South Korean company to make its tires; Insourcing: A Japanese car company opens a factory in the United States.

### Question 8b of 10 ( 3 Effects of Globalization 239259 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each of the global business practices with an example of its use.

Choice Text	Correct Match	Match Text
A. Offshoring	B.	A U.S. clothing company buys shirts and pants from a clothing manufacturer in Turkey.
B. Outsourcing	A.	A Brazilian clothing company opens a factory in Indonesia to take advantage of lower labor costs.
C. Insourcing	C.	A Mexican clothing company opens a textile mill in the United States where it sells most of its products.

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Offshoring: A Brazilian clothing company opens a factory in Indonesia to take advantage of lower labor costs; Outsourcing: A U.S. clothing company buys shirts and pants from a clothing manufacturer in Turkey; Insourcing: A Mexican clothing company opens a textile mill in the United States where it sells most of its products.

### Question 8c of 10 ( 3 Effects of Globalization 239260 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the global business practices with an example of its use.

Choice Text	Correct Match	Match Text
A. Offshoring	A.	A U.S. computer company begins making its monitors in China.
B. Outsourcing	C.	A European computer company opens a factory in the United States where it sells most of its computers.
C. Insourcing	B.	A Canadian computer company hires an Indian company to handle its customer service calls.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Offshoring: A U.S. computer company begins making its monitors in China; Outsourcing: A Canadian computer company hires an Indian company to handle its customer service calls; Insourcing: A European computer company opens a factory in the United States where it sells most of its computers.

### Question 9a of 10 ( 2 Effects of Globalization 239261 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

Maximum Score: 2

Question: Why does the U.S. textile industry lose jobs to foreign countries?

	Choice	Feedback
A.	Some foreign countries have better working conditions.	
*B.	Cheap imports can force U.S. companies out of business.	Correct! Lower labor costs in foreign countries enable foreign producers to export inexpensive products to the United States.
C.	Other countries have more advanced technologies in their textile mills.	
D.	U.S. textile companies can make more money insourcing jobs to foreign countries.	

**Global Incorrect Feedback**

The correct answer is: Cheap imports can force U.S. companies out of business. Lower labor costs in foreign countries enable foreign producers to export inexpensive products to the United States.

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**Question 9b of 10** ( 2 Effects of Globalization 239262 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is most directly responsible for job loss in the United States?

	Choice	Feedback
A.	The trade deficit	
B.	Protective tariffs	
C.	Foreign investment	
*D.	Cheap imported goods	Correct! Lower labor costs in foreign countries enable foreign producers to export inexpensive products to the United States.

**Global Incorrect Feedback**

The correct answer is: Cheap imported goods. Lower labor costs in foreign countries enable foreign producers to export inexpensive products to the United States.

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**Question 9c of 10** ( 2 Effects of Globalization 239263 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do lower labor costs in other countries lead to job loss in the United States?

	Choice	Feedback
A.	Lower labor costs allow foreign producers to make higher profits.	
*B.	Lower labor costs enable producers to export inexpensive products to the United States.	Correct! Lower labor costs enable foreign producers to send cheap exports to the United States, underselling U.S. producers.
C.	Lower labor costs provide an incentive for workers to migrate to foreign countries.	
D.	Lower labor costs give foreign producers an incentive to insource their production.	

**Global Incorrect Feedback**

The correct answer is: Lower labor costs enable producers to export inexpensive products to the United States. Lower labor costs enable foreign producers to send cheap exports to the United States, underselling U.S. producers.

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**Question 10a of 10** ( 2 Effects of Globalization 239264 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How do people in the United States benefit from globalization?

	Choice	Feedback
*A.	Economic growth	Correct! Because the United States has such a powerful economy and well-developed productive capacity, it is in a good position to take advantage of the opportunities presented by increased international trade.
B.	Wage increases	
C.	Greater exports	
D.	Job security	

**Global Incorrect Feedback**

The correct answer is: Economic growth. Because the United States has such a powerful economy and well-developed productive

capacity, it is in a good position to take advantage of the opportunities presented by increased international trade.

**Question 10b of 10** ( 2 Effects of Globalization 239265 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How does globalization hurt the United States economy?

	Choice	Feedback
*A.	By bringing wage reductions	Correct! Lower labor costs abroad force workers in the United States to accept wage cuts if they don't want to lose their jobs to offshoring or outsourcing.
B.	By leading to tariff reductions	
C.	By increasing international trade	
D.	By increasing foreign investment	

**Global Incorrect Feedback**

The correct answer is: By bringing wage reductions. Lower labor costs abroad force workers in the United States to accept wage cuts if they don't want to lose their jobs to offshoring or outsourcing.

**Question 10c of 10** ( 2 Effects of Globalization 239266 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is a problem that globalization poses for the U.S. government?

	Choice	Feedback
*A.	Increased security concerns	Correct! Globalization can bring both terrorism and foreign ownership of critical infrastructure.
B.	Reduced trading capacity	
C.	Higher export taxes	
D.	All of the above	

**Global Incorrect Feedback**

The correct answer is: Increased security



concerns. Globalization can bring both terrorism and foreign ownership of critical infrastructure.

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PREVIEW

CLOSE

Test (CS): The Global Game Board

**Question 1a of 25** ( 2 Global Economy Terms 239268 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In order for a country to specialize its production, what must there be?

	Choice	Feedback
A.	A global economy	
B.	A free-market system	
C.	Government subsidies	
*D.	An international division of labor	Correct. Specialization can exist when production is divided among different countries.

**Global Incorrect Feedback**

The correct answer is: An international division of labor. Specialization can exist when production is divided among different countries.

**Question 1b of 25** ( 2 Global Economy Terms 239269 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The existence of an international division of labor among countries enables those countries to have what?

	Choice	Feedback
A.	A gross domestic product	
B.	Social welfare programs	
*C.	Specialized production	Correct. Specialization can exist when production is divided among different countries.
D.	Protectionist policies	

**Global Incorrect Feedback**

The correct answer is: Specialized production. Specialization can exist when production is divided among different countries.

### Question 1c of 25 ( 2 Global Economy Terms 239270 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The global economy can have specialized production because of what?

	Choice	Feedback
A.	Trade sanctions	
B.	World Bank loans	
C.	The free-market system	
*D.	The international division of labor	Correct. Specialization can exist when production is divided among different countries.

#### Global Incorrect Feedback

The correct answer is: The international division of labor. Specialization can exist when production is divided among different countries.

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### Question 2a of 25 ( 3 Global Economy Terms 239271 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Country X would have an absolute advantage over Country Y in the production of automobiles under what conditions?

	Choice	Feedback
A.	Country X's workers earn higher wages.	
B.	Country Y subsidizes its automobile industry.	
*C.	Country X can manufacture cars more cheaply.	Correct. Absolute advantage comes when a country has more efficient production.
D.	Country Y has a protective tariff on car imports.	

#### Global Incorrect Feedback

The correct answer is: Country X can manufacture cars more cheaply. Absolute advantage comes when a country has more efficient production.

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### Question 2b of 25 ( 3 Global Economy Terms 239272 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Country A would have an absolute advantage over Country B in the production of computers under what circumstance?

	Choice	Feedback
*A.	Companies in Country A can produce computers at a lower cost.	Correct. Absolute advantage comes when a country has more efficient production.
B.	Country B was the target of a trade embargo by Country A.	
C.	The government of Country B subsidizes its computer industry.	
D.	Country A had a higher minimum wage than Country B.	

**Global Incorrect Feedback**

The correct answer is: Companies in Country A can produce computers at a lower cost. Absolute advantage comes when a country has more efficient production.

**Question 2c of 25** ( 3 Global Economy Terms 239273 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Country X would enjoy an absolute advantage in the production of clothing under what circumstance?

	Choice	Feedback
*A.	Its production costs for clothing were the lowest in the world.	Correct. Absolute advantage comes when a country has more efficient production.
B.	Its tariffs on clothing were the highest in the world.	
C.	It had the largest clothing industry in the world.	
D.	It had the lowest minimum wage in the world.	

**Global Incorrect Feedback**

The correct answer is: Its production costs for clothing were the lowest in the world. Absolute advantage comes when a country has more efficient production.

**Question 3a of 25** ( 2 Global Economy Terms 239274 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What gives a country a comparative advantage?

	Choice	Feedback
A.	When its trade barriers are higher than the world average	
B.	When its infrastructure is more advanced than in other countries	
C.	When its workers don't need to be paid as much as other workers	
*D.	When it gives up less than others to engage in a particular type of production	Correct. Comparative advantage comes when a country has a lower opportunity cost for the production of a certain good.

**Global Incorrect Feedback**

The correct answer is: When it gives up less than others to engage in a particular type of production. Comparative advantage comes when a country has a lower opportunity cost for the production of a certain good.

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**Question 3b of 25** ( 2 Global Economy Terms 239275 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Under what circumstance would a country have a comparative advantage in the production of a certain good?

	Choice	Feedback
A.	It has a more highly skilled work force.	
B.	It has well-developed industrial capacities.	
C.	It uses an assembly line to produce that good.	
*D.	It has a lower opportunity cost for production of that good.	Correct. Comparative advantage comes when a country gives up less than others to engage in a particular type of production.

**Global Incorrect Feedback**

The correct answer is: It has a lower opportunity cost for production of that good. Comparative advantage comes when a country gives up less than others to engage in a particular type of production.

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### Question 3c of 25 ( 2 Global Economy Terms 239276 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Country X would have a comparative advantage in the production of cotton under what circumstance?

	Choice	Feedback
A.	Country X was able to impose a high tariff on cotton imported from other countries.	
B.	Country X had a large domestic textile and apparel industry that could use the cotton.	
*C.	Country X didn't have to give up a more profitable form of production in order to grow cotton.	Correct. Comparative advantage comes when a country gives up less than others to engage in a particular type of production.
D.	Country X could sell cotton more cheaply in the international marketplace than any other country.	

#### Global Incorrect Feedback

The correct answer is: Country X didn't have to give up a more profitable form of production in order to grow cotton. Comparative advantage comes when a country gives up less than others to engage in a particular type of production.

### Question 4a of 25 ( 2 Global Economy Terms 239277 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does interdependence bring economic growth?

	Choice	Feedback
A.	Interdependence strengthens governments, allowing great tax revenues.	
*B.	Interdependence enables specialized production, which is more efficient.	Correct. Efficient production promotes economic growth because goods and services are less expensive. That promotes buying, which in turn leads to job growth.
C.	Interdependence increases international competition, which leads to lower prices.	
D.	Interdependence creates greater protection for domestic producers, which enables them to	

raise prices.	
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**Global Incorrect Feedback**

The correct answer is: Interdependence enables specialized production, which is more efficient. Efficient production promotes economic growth because goods and services are less expensive. That promotes buying, which in turn leads to job growth.

**Question 4b of 25** ( 2 Global Economy Terms 239278 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do some countries fear increasing economic interdependence?

	Choice	Feedback
A.	Interdependence increases the power of developing countries.	
B.	Interdependence leads to higher prices for goods and services.	
C.	Interdependence leads countries to commit human rights violations.	
*D.	Interdependence involves a loss of control over the national economy.	Correct. Countries become subject to global market forces, and the government has less control over these forces than it does over the national economy.

**Global Incorrect Feedback**

The correct answer is: Interdependence involves a loss of control over the national economy. Countries become subject to global market forces, and the government has less control over these forces than it does over the national economy.

**Question 4c of 25** ( 2 Global Economy Terms 239279 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the growth of international trade lead to a rising global standard of living?

	Choice	Feedback
*A	International trade enables specialization,	Correct. Efficiency and competition drive

	which brings increased efficiency and greater competition.	up the standard of living because prices are pushed down along with production costs, enabling consumers to buy more.
B.	International trade creates profitable investment opportunities for currency speculators.	
C.	International trade leads to trade wars that require countries to increase their productive capabilities.	
D.	International trade results in a gain of comparative advantage for developing countries.	

**Global Incorrect Feedback**

The correct answer is: International trade enables specialization, which brings increased efficiency and greater competition. Efficiency and competition drive up the standard of living because prices are pushed down along with production costs, enabling consumers to buy more.

**Question 5a of 25** ( 2 Global Economy Terms 239280 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these best characterizes the flow of wealth during the period of colonization?

	Choice	Feedback
A.	There was a one-way flow of investment from Europe to Asia.	
B.	There was uneven industrialization in favor of the underdeveloped colonies.	
*C.	There was a one-way flow of wealth from the colonies to their colonial masters.	Correct. Colonizers extracted resources and wealth from their colonies to their own exclusive benefit.
D.	There was mutual benefit from the flow of goods back and forth between colonies and their colonizers.	

**Global Incorrect Feedback**

The correct answer is: There was a one-way flow of wealth from the colonies to their colonial masters. Colonizers extracted resources and wealth from their colonies to their own exclusive benefit.



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**Question 5b of 25** ( 2 Global Economy Terms 239281 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** What was the result of developed countries extracting resources from their colonies?

	Choice	Feedback
*A.	There was a one-way flow of wealth favoring the colonizers.	Correct. Colonizers extracted resources and wealth from their colonies to their own exclusive benefit.
B.	Developed countries lost jobs to the colonies because labor was cheaper there.	
C.	The colonizers used these resources to help the colonies build their infrastructure.	
D.	Trade wars began among the colonies to attract investment from developed countries.	

**Global Incorrect Feedback**

The correct answer is: There was a one-way flow of wealth favoring the colonizers. Colonizers extracted resources and wealth from their colonies to their own exclusive benefit.

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**Question 5c of 25** ( 2 Global Economy Terms 239282 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** How did the colonizers benefit from the colonies they controlled?

	Choice	Feedback
A.	Workers in the colonizing countries were able to push for higher wages.	
*B.	The colonizers used the resources of their colonies to grow their own economies.	Correct. Colonizers extracted resources and wealth from their colonies to their own exclusive benefit.
C.	Luxury goods manufactured in the colonies brought tariff revenues to the colonizers.	
D.	The revenues generated from running colonies helped the colonizers lower their tariffs.	

**Global Incorrect Feedback**

The correct answer is: The colonizers used the

resources of their colonies to grow their own economies. Colonizers extracted resources and wealth from their colonies to their own exclusive benefit.

**Question 6a of 25** ( 1 Global Economy Terms 239283 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do high tariff levels restrict international trade?

	Choice	Feedback
A.	There is a decreasing marginal return on sales when tariff levels are high.	
B.	It is more difficult to protect domestic producers when there are high tariffs.	
*C.	Traded goods cost more when there are high tariffs, and this limits their sale.	Correct. The higher prices for goods that have tariffs attached to them leads to reduced sales and less trade.
D.	High tariff levels make it difficult for countries to enforce consumer-protection regulations.	

**Global Incorrect Feedback**

The correct answer is: Traded goods cost more when there are high tariffs, and this limits their sale. The higher prices for goods that have tariffs attached to them leads to reduced sales and less trade.

**Question 6b of 25** ( 1 Global Economy Terms 239284 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do protective tariffs lead to reduced international trade?

	Choice	Feedback
A.	There is a decreasing marginal return on sales when imports are protected.	
*B.	Protective tariffs increase the price of goods and limit the sale of those goods.	Correct. The higher prices for goods that have tariffs attached to them leads to reduced sales and less trade.
C.	Other countries usually respond to protective tariffs with boycotts and embargoes.	
D.	Domestic producers have less incentive to	

	increase production when they're protected.	
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<b>Global Incorrect Feedback</b>
The correct answer is: Protective tariffs increase the price of goods and limit the sale of those goods. The higher prices for goods that have tariffs attached to them leads to reduced sales and less trade.

**Question 6c of 25** ( 1 Global Economy Terms 239285 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why does reducing trade barriers promote increased international trade?

	Choice	Feedback
<b>*A.</b>	Free trade leads to lower prices and greater sales.	Correct. The higher prices for goods that have tariffs attached to them leads to reduced sales and less trade, so reducing those tariffs increases sales and creates incentives for trade.
<b>B.</b>	The reduction of tariffs also lowers workers' wages.	
<b>C.</b>	The loss of subsidies causes businesses to increase profits.	
<b>D.</b>	The free market gives domestic producers an absolute advantage.	

<b>Global Incorrect Feedback</b>
The correct answer is: Free trade leads to lower prices and greater sales. The higher prices for goods that have tariffs attached to them leads to reduced sales and less trade, so reducing those tariffs increases sales and creates incentives for trade.

**Question 7a of 25** ( 3 Effects of Globalization 239286 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each current trend in the global economy with one of its economic effects.

Choice Text	Correct Match	Match Text
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A. Improved communication	C.	Cheaper transportation
B. Trade liberalization	D.	Greater productivity
C. Infrastructure development	A.	Easier outsourcing
D. Industrialization	B.	Increased trade

Attempt	Incorrect Feedback
1st	

Correct Feedback

Global Incorrect Feedback
The correct answers are: Improved communication: Easier outsourcing; Trade liberalization: Increased trade; Infrastructure development: Cheaper transportation; Industrialization: Greater productivity.

**Question 7b of 25** ( 3 Effects of Globalization 239287 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each current trend with one of its economic effects.

Choice Text	Correct Match	Match Text
A. Improved communication	C.	Facilitates less expensive international trade
B. Trade liberalization	B.	Provides an incentive for countries to export more goods
C. Infrastructure development	D.	Increases productivity and lowers prices
D. Industrialization	A.	Makes it easier for international businesses to operate efficiently

Attempt	Incorrect Feedback
1st	

Correct Feedback

Global Incorrect Feedback
The correct answers are: Improved communication: Makes it easier for International businesses to operate efficiently; Trade liberalization: Provides an incentive for countries to export more goods; Infrastructure development: Facilitates less expensive

	international trade; Industrialization: Increases productivity and lowers prices.
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### Question 7c of 25 ( 3 Effects of Globalization 239288 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each current trend in the global economy with the benefit it provides.

Choice Text	Correct Match	Match Text
A. Improved communication	D.	Helps developing countries
B. Free-trade policies	C.	Reduces distribution costs
C. Development of infrastructure	B.	Increases the mobility of goods and labor
D. Industrialization	A.	Facilitates international trade

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: Improved communication: Facilitates international trade; Free-trade policies: Increases the mobility of goods and labor; Development of infrastructure: Reduces distribution costs; Industrialization: Helps developing countries.

### Question 8a of 25 ( 2 Effects of Globalization 239289 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why does globalization give countries an incentive to reduce wages for their workers?

	Choice	Feedback
*A.	Lower production costs help lure foreign investment.	Correct. International competition for investment puts countries into the position of having to offer the lowest possible production costs, particularly wages, to lure producers into their economy.

B.	Multinational corporations don't have to bargain collectively.	
C.	Increased international trade reduces the demand for skilled labor.	
D.	Globalization reduces the cost of goods and services for consumers.	

**Global Incorrect Feedback**

The correct answer is: Lower production costs help lure foreign investment. International competition for investment puts countries into the position of having to offer the lowest possible production costs, particularly wages, to lure producers into their economy.

**Question 8b of 25** ( 2 Effects of Globalization 239290 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does globalization lead to a reduction in wages in developed countries?

	Choice	Feedback
A.	Labor unions have moved their operations to developing countries.	
B.	A high volume of international trade reduces the demand for skilled labor.	
*C.	Increased mobility allows producers to move jobs to lower-cost labor markets.	Correct. International competition for investment puts countries into the position of having to offer the lowest possible production costs, particularly wages, to lure producers into their economy.
D.	Globalization results in lower prices that give workers greater purchasing power.	

**Global Incorrect Feedback**

The correct answer is: Increased mobility allows producers to move jobs to lower-cost labor markets. International competition for investment puts countries into the position of having to offer the lowest possible production costs, particularly wages, to lure producers into their economy.

**Question 8c of 25** ( 2 Effects of Globalization 239291 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does globalization lead to a reduction in prices for goods and services?

	Choice	Feedback
A.	Consumers buy less when there are more goods available on the market.	
B.	Globalization increases both supply and demand for all goods and services.	
C.	There is a decreasing marginal utility to goods produced in developing countries.	
*D.	Competition for jobs drives down wages, which helps companies lower their prices.	Correct. With lower labor costs, producers are able to keep production costs down and pass the savings on to consumers.

**Global Incorrect Feedback**

The correct answer is: Competition for jobs drives down wages, which helps companies lower their prices. With lower labor costs, producers are able to keep production costs down and pass the savings on to consumers.

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**Question 9a of 25** ( 2 Effects of Globalization 239292 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do central banks play an important role in the global economy?

	Choice	Feedback
A.	They are able to limit capital mobility.	
*B.	They set each country's monetary policies.	Correct. The policies of central banks influence the money supply, which affects the supply of money available for international trade.
C.	They regulate the currency exchange market.	
D.	They print all of the money used for international trade.	

**Global Incorrect Feedback**

The correct answer is: They set each country's monetary policies. The policies of central banks influence the money supply, which affects the supply of money available for international trade.

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**Question 9b of 25** ( 2 Effects of Globalization 239293 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Why do the actions of central banks have an important effect on the global economy?

	Choice	Feedback
A.	Monetary policy is an important tool for protecting domestic industries.	
B.	Interest rates on government bonds are responsible for foreign investment.	
C.	The amount of capital mobility is dependent on regulations enforced by central banks.	
*D.	Control of the money supply determines how much money is available for international trade.	Correct. The size of the money supply is a central factor determining how much economic growth can take place.

**Global Incorrect Feedback**

The correct answer is: Control of the money supply determines how much money is available for international trade. The size of the money supply is a central factor determining how much economic growth can take place.

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**Question 9c of 25** ( 2 Effects of Globalization 239294 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Why do central banks play an important role in the global economy?

	Choice	Feedback
A.	They charge tariffs on trades that take place in the currency exchange market.	
*B.	They control the foreign currency reserves that are used for international trade.	Correct. The amount of currency available for international trade has an effect on the volume of that trade and on the growth of the global economy.
C.	They prevent foreign companies from removing profits from their national economy.	
D.	They have control over the interest rates charged on the debts owed by their governments.	



**Global Incorrect Feedback**

The correct answer is: They control the foreign currency reserves that are used for international trade. The amount of currency available for international trade has an effect on the volume of that trade and on the growth of the global economy.

**Question 10a of 25** ( 1 Global Economy Terms 239295 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is a gift of money from one government to another?

	Choice	Feedback
*A.	Foreign aid	Correct. Foreign aid is money given by one country to another.
B.	Trade sanctions	
C.	No-interest loans	
D.	Agricultural subsidies	

**Global Incorrect Feedback**

The correct answer is: Foreign aid. Foreign aid is money given by one country to another.

**Question 10b of 25** ( 1 Global Economy Terms 239296 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is foreign aid given?

	Choice	Feedback
*A.	In order to help needy countries	Correct. Foreign aid can be given to help out in an emergency situation or to promote long-term development.
B.	In order to grow the global economy	
C.	In order to protect domestic industries	
D.	In order to stimulate foreign investment	

**Global Incorrect Feedback**

The correct answer is: In order to help needy countries. Foreign aid can be given to help out

in an emergency situation or to promote long-term development.

**Question 10c of 25** ( 1 Global Economy Terms 239297 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the main purpose of foreign aid?

	Choice	Feedback
A.	Eliminate colonization	
B.	Stabilize the currency market	
C.	Retaliate against trade sanctions	
*D.	Alleviate poverty and underdevelopment	Correct. Foreign aid is given to help countries develop and become independent in order to raise the standard of living for its people.

**Global Incorrect Feedback**

The correct answer is: Alleviate poverty and underdevelopment. Foreign aid is given to help countries develop and become independent in order to raise the standard of living for its people.

**Question 11a of 25** ( 1 International Organizations 239298 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each international organization with its purpose.

Choice Text	Correct Match	Match Text
A. Bank for International Settlements (BIS)	C.	Reduce poverty
B. International Monetary Fund (IMF)	D.	Promote free trade
C. World Bank	A.	Create financial stability
D. World Trade Organization (WTO)	B.	Prevent economic crises

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	<b>Global Incorrect Feedback</b>
	The correct answers are: Bank for International Settlements (BIS): Create financial stability; International Monetary Fund (IMF): Prevent economic crises; World Bank: Reduce poverty; World Trade Organization (WTO): Promote free trade.

### Question 11b of 25 ( 1 International Organizations 239299 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each international organization with one of its functions.

Choice Text	Correct Match	Match Text
A. Bank for International Settlements (BIS)	D.	Generate multilateral trade agreements
B. International Monetary Fund (IMF)	A.	Coordinate banking regulations
C. World Bank	C.	Provide long-term development loans
D. World Trade Organization (WTO)	B.	Provide short-term emergency loans

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: Bank for International Settlements (BIS): Coordinate banking regulations; International Monetary Fund (IMF): Provide short-term emergency loans; World Bank: Provide long-term development loans; World Trade Organization (WTO): Generate multilateral trade agreements.

### Question 11c of 25 ( 1 International Organizations 239300 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each international organization with one of its purposes.

Choice Text	Correct Match	Match Text
A. Bank for International Settlements	B.	Make economic policy recommendations

(BIS)		
<b>B.</b> International Monetary Fund (IMF)	<b>A.</b>	Provide a forum for coordinating banking regulations
<b>C.</b> World Bank	<b>D.</b>	Mediate and resolve trade disputes
<b>D.</b> World Trade Organization (WTO)	<b>C.</b>	Promote sustainable development

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: Bank for International Settlements (BIS): Provide a forum for coordinating banking regulations; International Monetary Fund (IMF): Make economic policy recommendations; World Bank: Promote sustainable development; World Trade Organization (WTO): Mediate and resolve trade disputes.

### Question 12a of 25 ( 2 International Organizations 239301 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why does the IMF impose conditionality on countries that accept its loans?

	Choice	Feedback
<b>A.</b>	The IMF wants to get all countries to accept free-trade policies.	
<b>*B.</b>	The IMF wants to help fix the economies of countries that need its help.	Correct. The IMF uses its economic power to impose policy recommendations on struggling countries.
<b>C.</b>	The IMF wants to impose uniform regulations on the international banking system.	
<b>D.</b>	The IMF wants to make sure that the money it loans results in sustainable development.	

Global Incorrect Feedback
The correct answer is: The IMF wants to help fix the economies of countries that need its help. The IMF uses its economic power to impose policy recommendations on struggling countries.

### Question 12b of 25 ( 2 International Organizations 239302 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the IMF require countries that accept its loans to follow its policy recommendations?

	Choice	Feedback
A.	The IMF wants to control the global money supply.	
B.	The IMF wants to rid the world of command economies.	
*C.	The IMF wants to help struggling countries better manage their economies.	Correct. The IMF uses its economic power to impose policy recommendations on struggling countries.
D.	The IMF wants to help governments in developing countries to eliminate poverty.	

#### Global Incorrect Feedback

The correct answer is: The IMF wants to help struggling countries better manage their economies. The IMF uses its economic power to impose policy recommendations on struggling countries.

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### Question 12c of 25 ( 2 International Organizations 239303 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the IMF impose conditions on its loans?

	Choice	Feedback
A.	To promote the free-market system	
B.	To rid the world of command economies	
*C.	To help manage the economies of struggling countries	Correct. The IMF uses its economic power to impose policy recommendations on struggling countries.
D.	To impose uniform regulations on the international banking system	

#### Global Incorrect Feedback

The correct answer is: To help manage the economies of struggling countries. The IMF uses its economic power to impose policy

recommendations on struggling countries.

### Question 13a of 25 ( 2 International Organizations 239304 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the main purpose of the loans made by the World Bank?

	Choice	Feedback
*A.	To help countries achieve sustainable development	Correct. The World Bank loans money not to make a profit but to help countries develop and become more independent.
B.	To make profits for its shareholders	
C.	To help create multilateral trade agreements	
D.	To prevent future economic crises	

#### Global Incorrect Feedback

The correct answer is: To help countries achieve sustainable development. The World Bank loans money not to make a profit but to help countries develop and become more independent.

### Question 13b of 25 ( 2 International Organizations 239305 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does the World Bank charge little or no interest on the loans it makes?

	Choice	Feedback
*A.	Its main purpose is to promote development, not make profits.	Correct. The World Bank loans money not to make a profit but to help countries develop and become more independent, so it doesn't need to charge much interest.
B.	It gives only short-term emergency loans to very needy countries.	
C.	It wants to get countries to accept its loans along with its policy recommendations.	
D.	Its loans are for such large amounts that no country could afford to pay interest on them.	

**Global Incorrect Feedback**

The correct answer is: Its main purpose is to promote development, not make profits. The World Bank loans money not to make a profit but to help countries develop and become more independent, so it doesn't need to charge much interest.

**Question 13c of 25** ( 2 International Organizations 239306 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does the World Bank hope will result from the loans it makes to developing countries?

	Choice	Feedback
A.	Increased ability to profit from exports	
*B.	An improved climate for foreign investment	Correct. The World Bank loans money to help countries develop and become more independent, which fosters an improved investment climate for foreign companies.
C.	A reduction in the taxes charged to their citizens	
D.	Stabilized exchange rates for their national currencies	

**Global Incorrect Feedback**

The correct answer is: An improved climate for foreign investment. The World Bank loans money to help countries develop and become more independent, which fosters an improved investment climate for foreign companies.

**Question 14a of 25** ( 2 International Organizations 239307 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How does the WTO help stabilize the global economy?

	Choice	Feedback
A.	By preventing large swings in currency exchange rates	
B.	By providing money to bail countries out of emergency situations	

C.	By keeping central banks from enacting radical monetary policies	
*D.	By assuring that producers will have open access to necessary resources	Correct. Free trade increases international trade, making it easier for producers to acquire the productive resources they need.

**Global Incorrect Feedback**

The correct answer is: By assuring that producers will have open access to necessary resources. Free trade increases international trade, making it easier for producers to acquire the productive resources they need.

**Question 14b of 25** ( 2 International Organizations 239308 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How does the WTO promote global free trade?

	Choice	Feedback
A.	By enforcing strict banking regulations	
*B.	By creating multilateral trade agreements	Correct. Multilateral trade agreements expand free trade by negotiating tariff reductions.
C.	By providing loans for sustainable development	
D.	By helping developing countries build their infrastructure	

**Global Incorrect Feedback**

The correct answer is: By creating multilateral trade agreements. Multilateral trade agreements expand free trade by negotiating tariff reductions.

**Question 14c of 25** ( 2 International Organizations 239309 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the main goal of the WTO?

	Choice	Feedback
A.	To enable governments to give out less foreign	



	aid	
B.	To help developing countries build their industrial capacity	
*C.	To assure that international trade flows smoothly and freely	Correct. The WTO wants to promote free-trade policies around the world to make the global economy more open.
D.	To prevent multinational corporations from exploiting workers	

**Global Incorrect Feedback**

The correct answer is: To assure that international trade flows smoothly and freely. The WTO wants to promote free-trade policies around the world to make the global economy more open.

**Question 15a of 25** ( 2 International Organizations 239310 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each economic activity with one of its purposes.

Choice Text	Correct Match	Match Text
A. World Bank loans	D.	Reduce production costs
B. Foreign aid	C.	Punish an offending government
C. Trade embargo	B.	Provide emergency relief
D. Outsourcing	A.	Eliminate poverty

Attempt	Incorrect Feedback
1st	

Correct Feedback

Global Incorrect Feedback
The correct answers are: World Bank loans: Eliminate poverty; Foreign aid: Provide emergency relief; Trade embargo: Punish an offending government; Outsourcing: Reduce production costs.

**Question 15b of 25** ( 2 International Organizations 239311 )

Maximum Attempts: 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each economic activity with its main purpose.

Choice Text	Correct Match	Match Text
A. IMF loans	B.	Help needy governments
B. Foreign aid	D.	Reduce production costs
C. Boycott	C.	Influence economic decisions
D. Offshoring	A.	Stabilize the global economy

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: IMF loans: Stabilize the global economy; Foreign aid: Help needy governments; Boycott: Influence economic decisions; Offshoring: Reduce production costs.

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### Question 15c of 25 ( 2 International Organizations 239312 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each economic activity with its main purpose.

Choice Text	Correct Match	Match Text
A. WTO agreements	D.	Help needy governments
B. Boycott	C.	Reduce production costs
C. Offshoring	B.	Punish unfair practices
D. Foreign aid	A.	Promote free trade

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: WTO agreements: Promote free trade; Boycott: Punish unfair

	practices; Offshoring: Reduce production costs; Foreign aid: Help needy governments.
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### Question 16a of 25 ( 2 Effects of Globalization 239313 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why has globalization led to an increasing income gap between rich and poor countries?

	Choice	Feedback
<b>*A.</b>	Countries with well-established infrastructure and productive capacities have more competitive industries.	Correct. The benefits of globalization mostly go to those countries with the economic structures that enable them take advantage of increasing international trade.
<b>B.</b>	The reduced production costs provided by low wages in developing countries enable companies to make larger profits.	
<b>C.</b>	Reduced transportation costs have enabled developed countries to extract more natural resources from their colonies.	
<b>D.</b>	Laborers from developing countries migrate to developed countries in search of better-paying jobs.	

<b>Global Incorrect Feedback</b>
The correct answer is: Countries with well-established infrastructure and productive capacities have more competitive industries. The benefits of globalization mostly go to those countries with the economic structures that enable them take advantage of increasing international trade.

### Question 16b of 25 ( 2 Effects of Globalization 239314 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why are the majority of the world's countries left on the margins of globalization?

	Choice	Feedback
<b>*A.</b>	Many countries are too underdeveloped to take advantage of the opportunities presented by increasing international trade.	Correct. The benefits of globalization mostly go to those countries with the economic structures that enable them

		take advantage of increasing international trade.
<b>B.</b>	Many countries don't have sufficient natural resources to fuel high levels of industrial production.	
<b>C.</b>	Many countries continue to rely on protectionist policies that limit their imports and exports.	
<b>D.</b>	Many countries have laws requiring such high wages that foreign producers don't want to invest.	

**Global Incorrect Feedback**

The correct answer is: Many countries are too underdeveloped to take advantage of the opportunities presented by increasing international trade. The benefits of globalization mostly go to those countries with the economic structures that enable them take advantage of increasing international trade.

**Question 16c of 25** ( 2 Effects of Globalization 239315 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why hasn't globalization benefited the majority of the world's underdeveloped countries?

	Choice	Feedback
<b>A.</b>	Underdeveloped countries rely on exporting agricultural goods to developed countries.	
<b>B.</b>	Underdeveloped countries use protectionist policies to isolate themselves from international trade.	
<b>C.</b>	Underdeveloped countries don't have the natural resources needed to fuel high levels of industrial production.	
<b>*D.</b>	Underdeveloped countries don't have the productive capacities necessary to take advantage of increasing international trade.	Correct. The benefits of globalization mostly go to those countries with the economic structures that enable them take advantage of increasing international trade.

**Global Incorrect Feedback**

The correct answer is: Underdeveloped countries don't have the productive capacities necessary to take advantage of increasing

international trade. The benefits of globalization mostly go to those countries with the economic structures that enable them take advantage of increasing international trade.

**Question 17a of 25** ( 1 Country Development 239316 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of country with one of its central features.

Choice Text	Correct Match	Match Text
A. Developed	D.	Rapid economic growth
B. Developing	C.	Little infrastructure or industry
C. Underdeveloped	B.	Low standard of living
D. New globalizer	A.	High level of productive capacity

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: Developed: High level of productive capacity; Developing: Low standard of living; Underdeveloped: Little infrastructure or industry; New globalizer: Rapid economic growth.

**Question 17b of 25** ( 1 Country Development 239317 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of country with one of its central features.

Choice Text	Correct Match	Match Text
A. Developed	D.	Rapidly increasing levels of exports
B. Developing	C.	Little infrastructure or industry
C. Underdeveloped	B.	Low standard of living
D. New globalizer	A.	High level of productive capacity

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	<b>Global Incorrect Feedback</b>
	The correct answers are: Developed: High level of productive capacity; Developing: Low standard of living; Underdeveloped: Little infrastructure or industry; New globalizer: Rapidly increasing levels of exports.

### Question 17c of 25 ( 1 Country Development 239318 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of country with one of its central features.

Choice Text	Correct Match	Match Text
A. Developed	A.	High level of productive capacity
B. Developing	C.	Low levels of industrial capacity
C. Underdeveloped	D.	High levels of foreign investment
D. New globalizer	B.	Low standard of living

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	<b>Global Incorrect Feedback</b>
	The correct answers are: Developed: High level of productive capacity; Developing: Low standard of living; Underdeveloped: Low levels of industrial capacity; New globalizer: High levels of foreign investment.

### Question 18a of 25 ( 2 Country Development 239319 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why don't developing countries usually benefit from free-trade policies?

	Choice	Feedback
A.	The only way they can collect revenues is through tariffs.	
B.	They rely primarily on agricultural exports for their income.	
C.	They have little economic power to influence the global economy.	
*D.	Their industries are too weak to compete in the international market.	Correct. Developing countries have little infrastructure or industrial capacity, making their domestic industries weak in comparison to those in developed countries.

**Global Incorrect Feedback**

The correct answer is: Their industries are too weak to compete in the international market. Developing countries have little infrastructure or industrial capacity, making their domestic industries weak in comparison to those in developed countries.

**Question 18b of 25** ( 2 Country Development 239320 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why don't many developing countries benefit from the spread of free trade?

	Choice	Feedback
A.	They have large trade deficits.	
*B.	They have weak domestic industries.	Correct. Developing countries have little infrastructure or industrial capacity, making their domestic industries weak in comparison to those in developed countries.
C.	They cannot afford to give foreign aid.	
D.	They don't possess important natural resources.	

**Global Incorrect Feedback**

The correct answer is: They have weak domestic industries. Developing countries have little infrastructure or industrial capacity, making their domestic industries weak in comparison to those in developed countries.

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**Question 18c of 25** ( 2 Country Development 239321 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Because most developing countries have weak domestic industries, they do not benefit from what?

	Choice	Feedback
A.	Foreign aid	
B.	IMF advice	
C.	World Bank loans	
*D.	Free-trade policies	Correct. Weak domestic industries cannot compete in the international market without protection from their government.

**Global Incorrect Feedback**

The correct answer is: Free-trade policies. Weak domestic industries cannot compete in the international market without protection from their government.

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**Question 19a of 25** ( 2 Effects of Globalization 239322 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Why has globalization contributed to the rise of international terrorism?

	Choice	Feedback
A.	Money laundering is easy in the chaotic international banking system.	
B.	There are environmental problems that result from ruthless global competition.	
*C.	Globalization can bring about dislocation and inequality.	Correct. The downsides of globalization affect many people who often feel they have nowhere to turn other than violence.
D.	Weakened national security results from foreign ownership.	

**Global Incorrect Feedback**

The correct answer is: Globalization can bring about dislocation and inequality. The downsides of globalization affect many people who often feel they have nowhere to turn other than



violence.

### Question 19b of 25 ( 2 Effects of Globalization 239323 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How has globalization contributed to the recent increase in international terrorism?

	Choice	Feedback
*A.	The downsides of globalization affect many people who often feel they have nowhere to turn other than violence.	Correct. Globalization can bring about dislocation and inequality for many people.
B.	The lack of centralized banking regulations makes it possible for terrorists to profit from foreign investment.	
C.	Increased labor migration makes it possible for terrorists to infiltrate critical infrastructure points.	
D.	Globalization requires ruthless competition that can usually only be accomplished through force and coercion.	

#### Global Incorrect Feedback

The correct answer is: The downsides of globalization affect many people who often feel they have nowhere to turn other than violence. Globalization can bring about dislocation and inequality for many people.

### Question 19c of 25 ( 2 Effects of Globalization 239324 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do many people object to globalization?

	Choice	Feedback
A.	They object because of the reductions in wages brought about by globalization.	
B.	They want to protect the domestic industries that are vital to their homelands.	
C.	They understand how much environmental damage can be caused by international competition.	

<b>*D.</b>	They feel that globalization mainly serves the interests of the United States at the expense of poor countries.	Correct. Many people from developing countries don't see many benefits of globalization.
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<b>Global Incorrect Feedback</b>
The correct answer is: They feel that globalization mainly serves the interests of the United States at the expense of poor countries. Many people from developing countries don't see many benefits of globalization.

### Question 20a of 25 ( 2 Effects of Globalization 239325 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why don't companies doing business in countries with repressive governments object to the human rights abuses?

	Choice	Feedback
<b>A.</b>	New technologies enable repressive governments to censor the news more effectively.	
<b>B.</b>	The lack of a world government makes it problematic to define universal norms of human rights.	
<b>*C.</b>	Companies taking advantage of low labor costs don't make trouble for repressive governments.	Correct. Companies that want to make profits generally don't have a problem with the style of a government in countries where they do business as long as the investment climate is safe and production costs are low.
<b>D.</b>	Increased interdependence means that democratic countries rely on repressive governments for political support.	

<b>Global Incorrect Feedback</b>
The correct answer is: Companies taking advantage of low labor costs don't make trouble for repressive governments. Companies that want to make profits generally don't have a problem with the style of a government in countries where they do business as long as the investment climate is safe and production costs are low.

### Question 20b of 25 ( 2 Effects of Globalization 239326 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why don't companies that do business in countries where human rights are violated tend to fight against these abuses?

	Choice	Feedback
*A.	They tend to care more about a safe investment climate than about human rights.	Correct. If production costs are low and their investments are secure, companies that want to make profits generally don't have a problem with the style of a government in countries where they do business.
B.	They lack the political influence to do anything about the problems.	
C.	They must obey the laws of the countries where they invest.	
D.	They don't directly benefit from the abusive policies.	

**Global Incorrect Feedback**

The correct answer is: They tend to care more about a safe investment climate than about human rights. If production costs are low and their investments are secure, companies that want to make profits generally don't have a problem with the style of a government in countries where they do business.

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**Question 20c of 25** ( 2 Effects of Globalization 239327 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** How has globalization helped work against human rights violations around the world?

	Choice	Feedback
*A.	Improved global communications brings these abuses to the world's attention.	Correct. Media coverage helps bring pressure on abusive governments so that governments might change their ways.
B.	Companies have boycotted abusive governments as a punishment for these practices.	
C.	Revolutions against abusive governments have made the investment climate insecure.	
D.	Violating human rights is too costly to be profitable in the competitive international marketplace.	

**Global Incorrect Feedback**

The correct answer is: Improved global communications brings these abuses to the world's attention. Media coverage helps bring pressure on abusive governments to change their ways.

**Question 21a of 25** ( 2 Effects of Globalization 239328 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is globalization potentially damaging to the environment?

	Choice	Feedback
A.	Future production relies on safeguarding the earth's limited natural resources.	
B.	Most governments can't afford to enforce environmental-protection regulations.	
*C.	Protecting the environment increases production costs and reduces competitiveness.	Correct. Increasing international competition means that producers must be as efficient as possible, and protecting the environment involves extra costs that many producers can't shoulder without losing business.
D.	Technology has improved to the point where environmental protection is unnecessary.	

**Global Incorrect Feedback**

The correct answer is: Protecting the environment increases production costs and reduces competitiveness. Increasing international competition means that producers must be as efficient as possible, and protecting the environment involves extra costs that many producers can't shoulder without losing business.

**Question 21b of 25** ( 2 Effects of Globalization 239329 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the *primary* reason that globalization leads to greater global pollution?

	Choice	Feedback
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<b>*A.</b>	Environmental protection is expensive, and reduces a company's competitiveness in the global market.	Correct. Increasing international competition means that producers must be as efficient as possible, and protecting the environment involves extra costs that many producers can't shoulder without losing business.
<b>B.</b>	Increased carbon monoxide output results from both industrialization and infrastructure development.	
<b>C.</b>	Environmental regulations are enforced by nations rather than an international organization.	
<b>D.</b>	Companies that outsource and offshore their production have to use more energy to transport their finished goods.	

**Global Incorrect Feedback**

The correct answer is: Environmental protection is expensive, and reduces a company's competitiveness in the global market. Increasing international competition means that producers must be as efficient as possible, and protecting the environment involves extra costs that many producers can't shoulder without losing business.

### Question 21c of 25 ( 2 Effects of Globalization 239330 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why does globalization lead to increasing environmental damage?

	Choice	Feedback
<b>A.</b>	Sustainable development relies on the increasing use of non-renewable energy sources.	
<b>*B.</b>	Environmental-protection regulations increase compliance costs and decrease economic competitiveness.	Correct. Complying with environmental regulations is costly, so companies try to avoid setting up production in countries that have such regulations.
<b>C.</b>	Technological development leads to less pollution but greater consumption of non-renewable energy.	
<b>D.</b>	Consumer boycotts and government regulations undermine companies' attempts to reduce their output of waste.	

**Global Incorrect Feedback**

The correct answer is: Environmental-protection regulations increase compliance costs and decrease economic competitiveness. Complying with environmental regulations is costly, so companies try to avoid setting up production in countries that have such regulations.

**Question 22a of 25** ( 3 Effects of Globalization 239331 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each practice with an example of its use.

Choice Text	Correct Match	Match Text
A. Offshoring	D.	The IMF requires a loan recipient to privatize its oil industry.
B. Boycott	C.	Japan imposes a 100% tariff on cars coming from Europe and the United States.
C. Trade sanctions	B.	Consumers refuse to buy goods from companies that use child labor.
D. Conditionality	A.	A U.S. car company begins making certain car parts in Bangladesh.

Attempt	Incorrect Feedback
1st	
	Correct Feedback
	Global Incorrect Feedback
	The correct answers are: Offshoring: A U.S. car company begins making certain car parts in Bangladesh; Boycott: Consumers refuse to buy goods from companies that use child labor; Trade sanctions: Japan imposes a 100% tariff on cars coming from Europe and the United States; Conditionality: The IMF requires a loan recipient to privatize its oil industry.

**Question 22b of 25** ( 3 Effects of Globalization 239332 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each global business practice with an example of its use.

Choice Text	Correct	Match Text
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	Match	
A. Outsourcing	A.	A U.S. computer company buys its memory chips from a company in Taiwan.
B. Boycott	C.	The IMF asks a government to cut its taxes before receiving an emergency loan.
C. Conditionality	B.	A group of consumers refuses to buy clothing made in Indonesian sweatshops.

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: Outsourcing: A U.S. computer company buys its memory chips from a company in Taiwan; Boycott: A group of consumers refuses to buy clothing made in Indonesian sweatshops; Conditionality: The IMF asks a government to cut its taxes before receiving an emergency loan.

### Question 22c of 25 ( 3 Effects of Globalization 239333 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each global business practice with an example of its use.

Choice Text	Correct Match	Match Text
A. Embargo	C.	The IMF requires a government receiving a loan to balance its budget.
B. Insourcing	A.	The United States forbids its citizens from doing business with a government that has ties to terrorist groups.
C. Conditionality	B.	A South Korean car company opens a factory in the United States.

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: Embargo: The United

	States forbids its citizens from doing business with a government that has ties to terrorist groups; Insourcing: A South Korean car company opens a factory in the United States; Conditionality: The IMF requires a government receiving a loan to balance its budget.
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### Question 23a of 25 ( 2 Effects of Globalization 239334 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these would cause job loss in the United States?

	Choice	Feedback
A.	A high minimum wage in another country	
B.	Insourcing by a Japanese company	
*C.	Inexpensive imported televisions	Correct. When imports are inexpensive, many people buy foreign-made goods, leading to job loss.
D.	A tariff-reduction agreement	

#### Global Incorrect Feedback

The correct answer is: Inexpensive imported televisions. When imports are inexpensive, many people buy foreign-made goods, leading to job loss.

### Question 23b of 25 ( 2 Effects of Globalization 239335 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why has globalization led to some job loss in the United States?

	Choice	Feedback
A.	Excessive spending by U.S. consumers has led to a budget deficit.	
B.	Protective tariffs prevent the United States from having a trade surplus.	
C.	Foreign investment has shifted to developing countries.	
*D.	Labor costs are lower in other countries.	Correct. Lower labor costs in foreign countries enable foreign producers to export inexpensive products to the United States, underselling domestic producers



who have to lay off workers to survive.

**Global Incorrect Feedback**

The correct answer is: Labor costs are lower in other countries. Lower labor costs in foreign countries enable foreign producers to export inexpensive products to the United States, underselling domestic producers who have to lay off workers to survive.

**Question 23c of 25** ( 2 Effects of Globalization 239336 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do lower labor costs in other countries lead to job loss in the United States?

	Choice	Feedback
A.	Workers migrate in search of better-paying jobs.	
*B.	It enables foreign producers to undersell domestic producers.	Correct. When domestic producers lose sales to inexpensive imports, they have to cut jobs to survive.
C.	Foreign producers are able to insource and make higher profits.	
D.	Foreign governments can charge higher tariffs and make more revenues.	

**Global Incorrect Feedback**

The correct answer is: It enables foreign producers to undersell domestic producers. When domestic producers lose sales to inexpensive imports, they have to cut jobs to survive.

**Question 24a of 25** ( 2 Effects of Globalization 239337 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What has been the main benefit of globalization for the United States?

	Choice	Feedback
*A.	Economic growth	Correct. Because the United States has such a powerful economy and well-developed productive capacity, it is in a

		good position to take advantage of the opportunities presented by increased international trade.
<b>B.</b>	Increased wages	
<b>C.</b>	Increased exports	
<b>D.</b>	Greater job security	

**Global Incorrect Feedback**

The correct answer is: Economic growth. Because the United States has such a powerful economy and well-developed productive capacity, it is in a good position to take advantage of the opportunities presented by increased international trade.

**Question 24b of 25** ( 2 Effects of Globalization 239338 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What has been the main drawback of globalization for the United States?

	Choice	Feedback
<b>A.</b>	Higher prices	
<b>*B.</b>	Wage reductions	Correct. Lower labor costs abroad force workers in the United States to accept wage cuts if they don't want to lose their jobs to offshoring or outsourcing.
<b>C.</b>	Lost tariff revenues	
<b>D.</b>	Slow economic growth	

**Global Incorrect Feedback**

The correct answer is: Wage reductions. Lower labor costs abroad force workers in the United States to accept wage cuts if they don't want to lose their jobs to offshoring or outsourcing.

**Question 24c of 25** ( 2 Effects of Globalization 239339 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these is a problem that globalization poses for the U.S. government?

	Choice	Feedback
A.	Loss of tariff revenues	
*B.	Increased security concerns	Correct. Globalization can bring both terrorism and foreign ownership of critical infrastructure.
C.	Migration of U.S. workers abroad	
D.	Opposition to its human rights abuses	

**Global Incorrect Feedback**

The correct answer is: Increased security concerns. Globalization can bring both terrorism and foreign ownership of critical infrastructure.

**Question 25a of 25** ( 2 Effects of Globalization 239340 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: All of the following have been negative effects of globalization *except* what?

	Choice	Feedback
A.	A greater gap between rich and poor countries	
B.	Great damage to the environment	
C.	Increased international terrorism	
*D.	Higher prices for consumers	Correct. Globalization tends to lead to lower prices as international competition drives countries to offer lower production costs to lure investment.

**Global Incorrect Feedback**

The correct answer is: Higher prices for consumers. Globalization tends to lead to lower prices as international competition drives countries to offer lower production costs to lure investment.

**Question 25b of 25** ( 2 Effects of Globalization 239341 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one reason why some people are critical of globalization?

	Choice	Feedback
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*A.	It leads to increased damage to the environment.	Correct. International competition for foreign investment makes it difficult for countries to justify enacting environmental-protection regulations.
B.	It undermines the purchasing power of consumers.	
C.	It gives governments too much control over the global economy.	
D.	It provides only comparative advantage instead of absolute advantage.	

**Global Incorrect Feedback**

The correct answer is: It leads to increased damage to the environment. International competition for foreign investment makes it difficult for countries to justify enacting environmental-protection regulations.

**Question 25c of 25** ( 2 Effects of Globalization 239342 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is a reason why many don't support globalization?

	Choice	Feedback
A.	It undermines the purchasing power of consumers.	
*B.	It only benefits a handful of the world's countries.	Correct. Many countries, particularly the most underdeveloped, are left on the margins of globalization and are actually falling farther behind in the global economy.
C.	It gives too much power to repressive governments.	
D.	It leads to increased environmental-protection costs.	

**Global Incorrect Feedback**

The correct answer is: It only benefits a handful of the world's countries. Many countries, particularly the most underdeveloped, are left on the margins of globalization and are actually falling farther behind in the global economy.

## Quiz: Making Choices

**Question 1a of 10** ( 1 Cost-benefit analysis 242037 )**Maximum Attempts:** 1**Question Type:** Ordering**Maximum Score:** 2**Question:** Put the steps of cost-benefit analysis below in the correct order.**Correct Answer:**

1. Come up with an option.
2. Determine the costs of the decision.
3. Calculate the amount of benefit that would be gotten from choosing the option.
4. See if the benefits outweigh the costs to make a decision.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Cost-benefit analysis involves coming up with an option, then calculating the costs, then the benefits, and finally comparing the costs and benefits to see if the benefits outweigh the costs.

	Global Incorrect Feedback
	The correct answer is: Come up with an option; Determine the costs of the decision; Calculate the amount of benefit that would be gotten from choosing the option; See if the benefits outweigh the costs to make a decision.

**Question 1b of 10** ( 1 Cost-benefit analysis 242038 )**Maximum Attempts:** 1**Question Type:** Ordering**Maximum Score:** 2**Question:** Put the steps of the sample cost-benefit analysis below to show the correct order of this decision-making process.**Correct Answer:**

1. Consider whether or not to spend money on a new car.
2. Figure out how much it will cost to buy and operate a car.
3. Calculate the amount of benefit that would be gotten from choosing the option.
4. See if the benefits outweigh the costs to make a decision.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Cost-benefit analysis involves coming up with an option, then calculating the costs, then the benefits, and finally comparing the costs and benefits to see if the benefits outweigh the costs.

	Global Incorrect Feedback
	The correct answer is: Consider whether or not to spend money on a new car; Figure out how much it will cost to buy and operate a car; Calculate the amount of benefit that would be gotten from choosing the option; See if the benefits outweigh the costs to make a decision.

### Question 1c of 10 ( 1 Cost-benefit analysis 242039 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps below in the correct order to show how a cost-benefit analysis is done.

**Correct Answer:**

1. Be presented with a decision.
2. List the costs of the decision.
3. Figure out all of the benefits of the decision.
4. Compare costs and benefits to see which is bigger.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! Cost-benefit analysis involves coming up with an option, then calculating the costs, then the benefits, and finally comparing the costs and benefits to see if the benefits outweigh the costs.

	Global Incorrect Feedback
	The correct answer is: Be presented with a decision; List the costs of the decision; Figure out all of the benefits of the decision; Compare costs and benefits to see which is bigger.

### Question 2a of 10 ( 1 Cost-benefit analysis 242040 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because costs and benefits are both subjective, a calculation of the value of a decision is always based on what?

	Choice	Feedback
*A.	Personal opinion	Correct! Subjective calculations vary from person to person.
B.	Marginal return	
C.	Decreasing utility	
D.	Monetary considerations	

#### Global Incorrect Feedback

The correct answer is: Personal opinion. Subjective calculations vary from person to person.

### Question 2b of 10 ( 1 Cost-benefit analysis 242041 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because costs and benefits are both subjective, a person's decision will always be based on what?

	Choice	Feedback
A.	Monetary considerations	
B.	Diminishing marginal returns	
C.	A production possibilities frontier	
*D.	His or her unique values and beliefs	Correct! Subjective calculations vary from person to person.

#### Global Incorrect Feedback

The correct answer is: His or her unique values and beliefs. Subjective calculations vary from person to person.

### Question 2c of 10 ( 1 Cost-benefit analysis 242042 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: People come to different decisions using cost-benefit analysis even under the same conditions because costs and benefits are both what?

	Choice	Feedback
A.	Absolute	
*B.	Subjective	Correct! Subjective calculations vary from person to person depending on the values and beliefs of each individual.
C.	Non-monetary	
D.	Utilities	

**Global Incorrect Feedback**

The correct answer is: Subjective. Subjective calculations vary from person to person depending on the values and beliefs of each individual.

---

**Question 3a of 10** ( 2 Cost-benefit analysis 242043 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Besides tuition, what is one cost of attending college?

	Choice	Feedback
A.	Decreased earning potential	
B.	Time spent attending high school	
*C.	Missed opportunities to earn income	Correct! By going to college, future earning potential is increased but present earning potential is limited by the time spent on schoolwork.
D.	Discretionary spending on entertainment	

**Global Incorrect Feedback**

The correct answer is: Missed opportunities to earn income. By going to college, future earning potential is increased but present earning potential is limited by the time spent on schoolwork.

---

**Question 3b of 10** ( 2 Cost-benefit analysis 242044 )

Maximum Attempts: 1

Question Type: Multiple Choice



Maximum Score: 2

Question: What is one of the monetary benefits of attending college?

	Choice	Feedback
A.	Improved quality of life	
*B.	Increased earning potential in the future	Correct! College graduates earn a lot more money over their lifetimes than people who don't graduate from college.
C.	Missed opportunities to earn income	
D.	The ability to choose a satisfying job	

**Global Incorrect Feedback**

The correct answer is: Increased earning potential in the future. College graduates earn a lot more money over their lifetimes than people who don't graduate from college.

---

**Question 3c of 10** ( 2 Cost-benefit analysis 242045 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the non-monetary benefits of attending college?

	Choice	Feedback
*A.	The ability to choose a satisfying job	Correct! A college education makes a person a more desirable job candidate, giving them a greater selection of jobs and the ability to make more choices.
B.	Time spent in the classroom	
C.	A chance to avoid going into debt	
D.	Increased earning potential in the future	

**Global Incorrect Feedback**

The correct answer is: The ability to choose a satisfying job. A college education makes a person a more desirable job candidate, giving them a greater selection of jobs and the ability to make more choices.

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**Question 4a of 10** ( 1 Renting 242046 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** Which of the following describes what a lease is?

	Choice	Feedback
A.	Utility	
B.	Payment	
*C.	Contract	Correct! A lease creates binding obligations that are enforceable by law.
D.	Insurance	

**Global Incorrect Feedback**

The correct answer is: Contract. A lease creates binding obligations that are enforceable by law.

---

**Question 4b of 10** ( 1 Renting 242047 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When you rent an apartment, you make a monthly payment to whom?

	Choice	Feedback
A.	A bank	
B.	A broker	
C.	An insurance agent	
*D.	A landlord	Correct! The landlord is the owner of the building where your apartment is located.

**Global Incorrect Feedback**

The correct answer is: A landlord. The landlord is the owner of the building where your apartment is located.

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**Question 4c of 10** ( 1 Renting 242048 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** A lease is an agreement that renters make with whom?

	Choice	Feedback
A.	Bank	
*B.	Landlord	Correct! A lease creates a binding obligation between tenants of an apartment and the owner of the building

		in which the apartment is located.
C.	Parents	
D.	Stockbroker	

**Global Incorrect Feedback**

The correct answer is: Landlord. A lease creates a binding obligation between tenants of an apartment and the owner of the building in which the apartment is located.

**Question 5a of 10** ( 1 Renting 242049 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In addition to rent, people who live in apartments often have to pay for what?

	Choice	Feedback
A.	Repairs to the apartment	
B.	Property taxes	
*C.	Utility bills	Correct! The landlord sometimes pays for utilities, but it's more common for tenants to have to pay these bills.
D.	Homeowner's insurance	

**Global Incorrect Feedback**

The correct answer is: Utility bills. The landlord sometimes pays for utilities, but it's more common for tenants to have to pay these bills.

**Question 5b of 10** ( 1 Renting 242050 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following are *not* expenses that apartment dwellers have to pay?

	Choice	Feedback
*A.	The mortgage	Correct! Although rent money often goes towards the mortgage, the landlord is responsible for paying any mortgage on the apartment building.
B.	Utility bills	

C.	Monthly rent	
D.	A security deposit	

**Global Incorrect Feedback**

The correct answer is: The mortgage. Although rent money often goes towards the mortgage, the landlord is responsible for paying any mortgage on the apartment building.

**Question 5c of 10** ( 1 Renting 242051 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these helps a landlord pay for damage that renters cause to their apartments?

	Choice	Feedback
A.	Mortgage	
*B.	Security deposit	Correct! Tenants who don't damage their apartments get the security deposit back, so the security deposit is an incentive for tenants to take good care of their apartments.
C.	Excise tax	
D.	Deductible	

**Global Incorrect Feedback**

The correct answer is: Security deposit. Tenants who don't damage their apartments get the security deposit back, so the security deposit is an incentive for tenants to take good care of their apartments.

**Question 6a of 10** ( 2 Renting 242052 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How can a renter reduce the amount of money he or she spends on monthly rent?

	Choice	Feedback
A.	By getting a loan	
*B.	By getting roommates	Correct! Roommates divide up the rent

		and bills, bringing each of their housing costs down.
C.	By cutting back on utilities	
D.	By paying rent with a debit card	

**Global Incorrect Feedback**

The correct answer is: By getting roommates. Roommates divide up the rent and bills, bringing each of their housing costs down.

**Question 6b of 10** ( 2 Renting 242053 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these can help reduce the total cost of living in an apartment?

	Choice	Feedback
A.	Taking a second job	
B.	Getting renter's insurance	
*C.	Finding a roommate	Correct! Roommates divide up the rent and bills, bringing each of their housing costs down.
D.	Not getting utility services	

**Global Incorrect Feedback**

The correct answer is: Finding a roommate. Roommates divide up the rent and bills, bringing each of their housing costs down.

**Question 6c of 10** ( 2 Renting 242054 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one way to make the rent on an apartment less expensive?

	Choice	Feedback
A.	Work overtime	
B.	Take out a mortgage	
C.	Reduce discretionary spending	
*D.	Get a roommate	Correct! Roommates divide up the rent and bills, bringing each of their housing

		costs down.
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<b>Global Incorrect Feedback</b>
The correct answer is: Get a roommate. Roommates divide up the rent and bills, bringing each of their housing costs down.

**Question 7a of 10** ( 1 Insurance 242055 )

**Maximum Attempts:** 1  
**Question Type:** Matching  
**Maximum Score:** 2  
**Question:** Match each type of insurance with what the insurance company pays for if there's a loss.

Choice Text	Correct Match	Match Text
A. Auto insurance	C.	Money for relatives of someone who dies
B. Renter's insurance	A.	Repairs on damaged vehicles
C. Life insurance	B.	Replacement of stolen personal possessions
D. Health insurance	D.	Visits to the doctor or hospital

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Auto insurance: Repairs on damaged vehicles; Renter's insurance: Replacement of stolen personal possessions; Life insurance: Money for relatives of someone who dies; Health insurance: Visits to the doctor or hospital.

**Question 7b of 10** ( 1 Insurance 242056 )

**Maximum Attempts:** 1  
**Question Type:** Matching  
**Maximum Score:** 2  
**Question:** Match each type of insurance with what it covers.

Choice Text	Correct Match	Match Text
A. Auto insurance	B.	Wages lost because of injury or illness

B. Disability insurance	A.	Repairs on damaged vehicles
C. Renter's insurance	D.	Visits to the doctor or hospital
D. Health insurance	C.	Stolen personal possessions

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Auto insurance: Repairs on damaged vehicles; Disability insurance: Wages lost because of injury or illness; Renter's insurance: Stolen personal possessions; Health insurance: Visits to the doctor or hospital.

### Question 7c of 10 ( 1 Insurance 242057 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of insurance with an example of when your insurance company would make a payment.

Choice Text	Correct Match	Match Text
A. Auto insurance	B.	An injury that causes you to lose wages
B. Disability insurance	D.	An illness that involves a trip to the doctor
C. Homeowner's insurance	C.	A fire in your house that damages your personal possessions
D. Health insurance	A.	An accident that damages your vehicle

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Auto insurance: An accident that damages your vehicle; Disability insurance: An injury that causes you to lose wages; Homeowner's insurance: A fire in your house that damages your personal possessions; Health insurance: An illness that involves a trip to the doctor.

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**Question 8a of 10** ( 2 Insurance 242058 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** When an insurance policy covers replacement value, a loss results in a settlement that pays for what?

	Choice	Feedback
A.	A new apartment to replace the one lost	
B.	The replacement of the most valuable items lost	
*C.	Brand new items to replace the items lost	Correct! Many insurance policies will buy you all new items even if the items that were damaged or stolen were very old or worn out.
D.	The purchase of used items most similar to the items lost	

**Global Incorrect Feedback**

The correct answer is: Brand new items to replace the items lost. Many insurance policies will buy you all new items even if the items that were damaged or stolen were very old or worn out.

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**Question 8b of 10** ( 2 Insurance 242059 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** What kind of insurance provides replacement value for personal possessions?

	Choice	Feedback
*A.	Renter's insurance	Correct! Many renter's insurance policies will buy you all new items even if the items that were damaged or stolen were very old or worn out.
B.	Auto insurance	
C.	Disability insurance	
D.	Health insurance	

**Global Incorrect Feedback**

The correct answer is: Renter's insurance. Many



renter's insurance policies will buy you all new items even if the items that were damaged or stolen were very old or worn out.

### Question 8c of 10 ( 2 Insurance 242060 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does homeowner's insurance pay for in case of damage to your house and its contents?

	Choice	Feedback
A.	Rent on an apartment of equal or lesser size	
B.	The purchase of used items most similar to the items lost	
*C.	Rebuilding the house and buying all new items to replace those damaged	Correct! Homeowner's insurance covers the replacement value of the loss.
D.	Repair to the house and replacement for the newest items damaged	

#### Global Incorrect Feedback

The correct answer is: Rebuilding the house and buying all new items to replace those damaged. Homeowner's insurance covers the replacement value of the loss.

### Question 9a of 10 ( 2 Insurance 242061 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does liability insurance cover?

	Choice	Feedback
*A.	The medical and car repair bills for anyone else involved in an accident you caused	Correct! Liability is your financial responsibility for something, but liability insurance places that responsibility onto the insurance company.
B.	Medical bills for yourself and anyone else in your car in case of an accident	
C.	The bills for yourself and your car if someone without insurance caused the accident	
D.	The repair of damage caused to your car when someone else was at fault in the accident	

**Global Incorrect Feedback**

The correct answer is: The medical and car repair bills for anyone else involved in an accident you caused. Liability is your financial responsibility for something, but liability insurance places that responsibility onto the insurance company.

**Question 9b of 10** ( 2 Insurance 242062 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does collision coverage insure?

	Choice	Feedback
A.	The costs of compensating someone else injured in an accident you caused	
*B.	The repair of damage caused to your car when you caused the accident	Correct! Some car insurance policies only cover the other car, but collision covers your car even if you were at fault.
C.	Medical bills for yourself and anyone else in your car in case of an accident	
D.	The bills for yourself and your car if someone without insurance caused the accident	

**Global Incorrect Feedback**

The correct answer is: The repair of damage caused to your car when you caused the accident. Some car insurance policies only cover the other car, but collision covers your car even if you were at fault.

**Question 9c of 10** ( 2 Insurance 242063 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does medical coverage on an auto insurance policy cover?

	Choice	Feedback
A.	The repair of damage caused to your car when you caused the accident	
B.	The costs of compensating someone else injured in an accident you caused	
C.	The medical and car repair bills for anyone	

	else involved in an accident you caused	
*D.	Medical bills for yourself and anyone else in your car in case of an accident	Correct! Many car accidents involve both car repair bills and medical bills; this kind of insurance makes sure that both are covered.

**Global Incorrect Feedback**

The correct answer is: Medical bills for yourself and anyone else in your car in case of an accident. Many car accidents involve both car repair bills and medical bills; this kind of insurance makes sure that both are covered.

**Question 10a of 10** ( 2 Insurance 242064 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is a health insurance deductible?

	Choice	Feedback
A.	The price of any covered medical expense	
B.	The money the insurance company pays to a hospital	
C.	The amount of money charged each month to have health insurance	
*D.	The amount of a doctor visit charge that isn't covered by insurance	Correct! The deductible is what the patient pays before the insurance company starts contributing money.

**Global Incorrect Feedback**

The correct answer is: The amount of a doctor visit charge that isn't covered by insurance. The deductible is what the patient pays before the insurance company starts contributing money.

**Question 10b of 10** ( 2 Insurance 242065 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is a co-pay?

	Choice	Feedback
*A.	A small payment for a visit to a doctor	Correct! The co-pay is what the patient pays before the insurance company starts

		contributing money.
B.	A monthly payment for health insurance	
C.	The portion of rent that goes to pay the mortgage	
D.	The amount the insurance company pays for a hospital stay	

**Global Incorrect Feedback**

The correct answer is: A small payment for a visit to a doctor. The co-pay is what the patient pays before the insurance company starts contributing money.

**Question 10c of 10** ( 2 Insurance 242066 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What kind of health insurance involves a co-pay for doctor visits?

	Choice	Feedback
A.	Life	
B.	Disability	
*C.	Managed care	Correct! The co-pay is what the patient pays before the insurance company starts contributing money.
D.	Fee-for-service	

**Global Incorrect Feedback**

The correct answer is: Managed care. The co-pay is what the patient pays before the insurance company starts contributing money.

## Quiz: Planning Ahead

**Question 1a of 10** ( 2 Checking and savings 242135 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of a checkbook register?

	Choice	Feedback
A.	To prevent other people from using your checkbook	
B.	To make sure that your expenses don't exceed your income	
*C.	To keep track of the amount of money in your checking account	Correct! You record the amount of each check in your register and then subtract from the previous balance to keep a running total of how much you have in your account.
D.	To prevent the bank from charging you an annual fee for your account	

**Global Incorrect Feedback**

The correct answer is: To keep track of the amount of money in your checking account. You record the amount of each check in your register and then subtract from the previous balance to keep a running total of how much you have in your account.

**Question 1b of 10** ( 2 Checking and savings 242136 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How do people keep track of the amount of money in their checking accounts?

	Choice	Feedback
A.	By listing expenses in a personal budget	
*B.	By recording checks and deposits in a checkbook register	Correct! You record the amount of each check in your register and then subtract from the previous balance to keep a running total of how much you have in your account.

C.	By getting a receipt from each check's payee	
D.	By filing a tax return at the end of each fiscal year	

**Global Incorrect Feedback**

The correct answer is: By recording checks and deposits in a checkbook register. You record the amount of each check in your register and then subtract from the previous balance to keep a running total of how much you have in your account.

**Question 1c of 10** ( 2 Checking and savings 242137 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these helps people keep track of the amount of money in their checking account?

	Choice	Feedback
A.	Personal budgets	
B.	Credit card receipts	
C.	Tax return statements	
*D.	Checkbook registers	Correct! You record the amount of each check in your register and then subtract from the previous balance to keep a running total of how much you have in your account.

**Global Incorrect Feedback**

The correct answer is: Checkbook registers. You record the amount of each check in your register and then subtract from the previous balance to keep a running total of how much you have in your account.

**Question 2a of 10** ( 2 Checking and savings 242138 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do banks pay their customers interest on the money in their savings accounts?

	Choice	Feedback
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A.	The government requires all savings accounts to pay interest.	
*B.	The bank charged interest when it loaned that money to someone else.	Correct! Interest on a savings account is a partial share of the profits derived from the use of the money.
C.	Interest payments make it more worthwhile for customers to stay loyal.	
D.	High interest rates provide customers with an incentive to choose a particular bank.	

**Global Incorrect Feedback**

The correct answer is: The bank charged interest when it loaned that money to someone else. Interest on a savings account is a partial share of the profits derived from the use of the money.

**Question 2b of 10** ( 2 Checking and savings 242139 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Banks pay their customers interest on the money in their accounts for what reason?

	Choice	Feedback
A.	They want to keep their customers happy so they'll be loyal.	
B.	The government sets a minimum interest rate for customers.	
C.	They are sharing the bank's profits instead of paying dividends.	
*D.	That money earns interest when the bank loans it out.	Correct! Interest on a savings account is a partial share of the profits derived from the use of the money.

**Global Incorrect Feedback**

The correct answer is: That money earns interest when the bank loans it out. Interest on a savings account is a partial share of the profits derived from the use of the money.

**Question 2c of 10** ( 2 Checking and savings 242140 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How can banks afford to pay interest on their customers' savings account deposits?

	Choice	Feedback
*A.	They loan out the money in their customers' accounts and charge a higher interest rate on the loans.	Correct! Interest on a savings account is a partial share of the profits derived from the use of the money.
B.	They take overnight loans from the Federal Reserve Bank and speculate on the currency exchange market.	
C.	They charge high fees to their checking account customers and transfer that money to their savings account customers.	
D.	They invest their customers' deposits in government-insured bonds and low-risk stocks.	

**Global Incorrect Feedback**

The correct answer is: They loan out the money in their customers' accounts and charge a higher interest rate on the loans. Interest on a savings account is a partial share of the profits derived from the use of the money.

**Question 3a of 10** ( 3 Checking and savings 242141 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each of the fees associated with a checking account with the reason for having to pay them.

Choice Text	Correct Match	Match Text
A. Minimum balance fee	B.	The customer withdraws money from a bank machine at another bank.
B. ATM fee	C.	The customer goes into a bank and gets personal service.
C. Teller fee	A.	The money in a checking account falls below a certain level.
D. n.s.f. fee	D.	A check is written for a larger amount than the checking account contains.

Attempt	Incorrect Feedback
1st	

  

	Correct Feedback
	Correct!



Global Incorrect Feedback	
	The correct answer is: Minimum balance fee: The money in a checking account falls below a certain level; ATM fee: The customer withdraws money from a bank machine at another bank; Teller fee: The customer goes into a bank and gets personal service; n.s.f. fee: A check is written for a larger amount than the checking account contains.

### Question 3b of 10 ( 3 Checking and savings 242142 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each of the fees associated with a checking account with the way to avoid paying them.

Choice Text	Correct Match	Match Text
A. Minimum balance fee	B.	Don't use bank machines at banks other than your own.
B. ATM fee	A.	Make sure your checking account has enough money in it to avoid falling below a certain level.
C. Teller fee	C.	Don't go into a bank and get personal service from a bank employee.
D. n.s.f. fee	D.	Make sure there's enough money in the account to cover all checks written.

Attempt	Incorrect Feedback
1st	

Correct Feedback	
	Correct!

Global Incorrect Feedback	
	The correct answer is: Minimum balance fee: Make sure your checking account has enough money in it to avoid falling below a certain level; ATM fee: Don't use bank machines at banks other than your own; Teller fee: Don't go into a bank and get personal service from a bank employee; n.s.f. fee: Make sure there's enough money in the account to cover all checks written.

### Question 3c of 10 ( 3 Checking and savings 242143 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the fees below with the reason banks charge them.

Choice Text	Correct Match	Match Text
A. Minimum balance fee	A.	To make sure customers keep enough money in their account.
B. ATM fee	D.	To punish customers for writing checks for money they don't have.
C. Teller fee	C.	To pay for the costs of having bank employees.
D. n.s.f. fee	B.	To keep customers from overusing bank machines.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Minimum balance fee: To make sure customers keep enough money in their account; ATM fee: To keep customers from overusing bank machines; Teller fee: To pay for the costs of having bank employees; n.s.f. fee: To punish customers for writing checks for money they don't have.

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### Question 4a of 10 ( 3 Checking and savings 242144 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why is a checking account more convenient than a savings account?

	Choice	Feedback
*A.	It's easier to spend the money in a checking account.	Correct! You can write a check or use a debit card to spend the money in your checking account.
B.	A checking account earns more interest.	
C.	A checking account comes with a credit card.	
D.	There are fewer fees associated with a checking account.	

Global Incorrect Feedback

The correct answer is: It's easier to spend the money in a checking account. You can write a check or use a debit card to spend the money in your checking account.

### Question 4b of 10 ( 3 Checking and savings 242145 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What's one difference between a checking account and a savings account?

	Choice	Feedback
A.	A savings account comes with a debit card.	
B.	A checking account has fewer fees.	
*C.	A savings account earns interest.	Correct! Checking accounts don't earn interest, but they do offer services such as easier withdrawals and debit cards.
D.	A checking account comes with a credit card.	

#### Global Incorrect Feedback

The correct answer is: A savings account earns interest. Checking accounts don't earn interest, but they do offer services such as easier withdrawals and debit cards.

### Question 4c of 10 ( 3 Checking and savings 242146 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does a savings account make a better investment than a checking account?

	Choice	Feedback
A.	Checking accounts have an annual fee.	
*B.	Savings accounts earn interest.	Correct! Checking accounts provide convenient access to your money, but savings accounts provide a return.
C.	Savings accounts pay an annual dividend.	
D.	Checking accounts aren't government-insured.	

#### Global Incorrect Feedback

The correct answer is: Savings accounts earn

interest. Checking accounts provide convenient access to your money, but savings accounts provide a return.

**Question 5a of 10** ( 2 Checking and savings 242147 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** How are credit unions different from banks?

	Choice	Feedback
A.	Credit unions don't charge interest on the loans they make.	
B.	Credit unions are owned by stockholders rather than partners.	
C.	Credit unions offer only savings accounts, not checking accounts.	
*D.	Credit unions are nonprofit financial institutions.	Correct! Credit unions are owned by members who are also the customers, not by shareholders interested in a profit.

**Global Incorrect Feedback**

The correct answer is: Credit unions are nonprofit financial institutions. Credit unions are owned by members who are also the customers, not by shareholders interested in a profit.

**Question 5b of 10** ( 2 Checking and savings 242148 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Credit unions differ from banks because they don't do what?

	Choice	Feedback
A.	Give out loans	
*B.	Seek to make profits	Correct! Credit unions are owned by members who are also the customers, not by shareholders interested in a profit.
C.	Have ATM machines	
D.	Offer checking accounts	

**Global Incorrect Feedback**

The correct answer is: Seek to make profits.

Credit unions are owned by members who are also the customers, not by shareholders interested in a profit.

**Question 5c of 10** ( 2 Checking and savings 242149 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How are credit unions similar to banks?

	Choice	Feedback
A.	They both seek to make a profit.	
*B.	They both give out loans.	Correct! Credit unions and banks are owned differently but they function in nearly identical ways.
C.	They're both owned by stockholders.	
D.	They both allow anybody to be a customer.	

**Global Incorrect Feedback**

The correct answer is: They both give out loans. Credit unions and banks are owned differently but they function in nearly identical ways.

**Question 6a of 10** ( 2 Making a budget 242150 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The purpose of a budget is to do what?

	Choice	Feedback
A.	Earn a return on savings	
B.	Prevent discretionary spending	
*C.	Make sure expenses are below income	Correct! Keeping track of expenses is a good way to keep from going into debt.
D.	Reduce the size of fixed expenses	

**Global Incorrect Feedback**

The correct answer is: Make sure expenses are below income. Keeping track of expenses is a good way to keep from going into debt.

### Question 6b of 10 ( 2 Making a budget 242151 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these best states why someone would use a budget?

	Choice	Feedback
A.	Fixed expenses can be reduced by using a strict budget.	
*B.	Budgets help people keep their expenses below their income.	Correct! Keeping track of expenses is a good way to keep from going into debt.
C.	Having a budget is the only way to get a government appropriation.	
D.	People need to keep a budget to know how much income tax to pay.	

#### Global Incorrect Feedback

The correct answer is: Budgets help people keep their expenses below their income. Keeping track of expenses is a good way to keep from going into debt.

---

### Question 6c of 10 ( 2 Making a budget 242152 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the reason for putting yourself on a budget?

	Choice	Feedback
A.	To earn a high level of return on your investments	
B.	To prevent yourself from paying compound interest	
C.	To make sure that your earning potential is as high as possible	
*D.	To keep your expenses below your income	Correct! Keeping track of expenses is a good way to keep from going into debt.

#### Global Incorrect Feedback

The correct answer is: To keep your expenses below your income. Keeping track of expenses is a good way to keep from going into debt.

---

### Question 7a of 10 ( 2 Making a budget 242153 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in the correct order to show how a budget is made.

**Correct Answer:**

1. Add up all sources of income
2. Calculate all expenses
3. Categorize different expenses
4. Determine if expenses are below income
5. Reduce expenses in flexible categories

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! When making a budget, it's first necessary to figure out how much money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

	Global Incorrect Feedback
	The correct answer is: Add up all sources of income, Calculate all expenses, Categorize different expenses, Determine if expenses are below income, and Reduce expenses in flexible categories. When making a budget, it's first necessary to figure out how much money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

---

### Question 7b of 10 ( 2 Making a budget 242154 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in the correct order to show how a budget is made.

**Correct Answer:**

1. Figure out your income
2. List your expenses
3. Categorize your expenses
4. Determine if expenses are below income
5. Reduce expenses in flexible categories if necessary

Attempt	Incorrect Feedback
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1st	
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	<b>Correct Feedback</b>
	Correct! When making a budget, it's first necessary to figure out how much money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

	<b>Global Incorrect Feedback</b>
	The correct answer is: Figure out your income, List your expenses, Categorize your expenses, Determine if expenses are below income, and Reduce expenses in flexible categories if necessary. When making a budget, it's first necessary to figure out how much money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

### Question 7c of 10 ( 2 Making a budget 242155 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in the correct order to show how a budget is made.

**Correct Answer:**

1. Calculate income
2. Total up spending
3. Categorize expenses
4. Determine if spending is below income
5. Reduce expenses in flexible categories to save or increase savings

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct! When making a budget, it's first necessary to figure out how much money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

	<b>Global Incorrect Feedback</b>
	The correct answer is: Calculate income, Total up spending, Categorize expenses, Determine if spending is below income, and Reduce expenses in flexible categories to save or increase savings. When making a budget, it's first necessary to figure out how much money comes in and goes out, and then to compare expenses



to income to make cuts if necessary.

### Question 8a of 10 ( 2 Making a budget 242156 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is discretionary spending within a budget?

	Choice	Feedback
A.	Money that pays for fixed expenses	
B.	Money that goes directly into savings	
*C.	Money that can be used for any purpose	Correct! Discretionary funds are available for any expense, usually luxuries like entertainment or travel.
D.	Money invested in high-yield financial instruments	

#### Global Incorrect Feedback

The correct answer is: Money that can be used for any purpose. Discretionary funds are available for any expense, usually luxuries like entertainment or travel.

### Question 8b of 10 ( 2 Making a budget 242157 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What can discretionary funds be used to pay for?

	Choice	Feedback
A.	Life insurance	
B.	Monthly car payments	
C.	Higher education or job training	
*D.	Any fun thing that comes up	Correct! Discretionary funds are available for any expense, usually luxuries like entertainment or travel.

#### Global Incorrect Feedback

The correct answer is: Any fun thing that comes up. Discretionary funds are available for any expense, usually luxuries like entertainment or travel.

### Question 8c of 10 ( 2 Making a budget 242158 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these can most easily be removed from a budget if spending is higher than income?

	Choice	Feedback
*A.	Discretionary spending	Correct! Discretionary spending is used for luxuries like entertainment or travel that can be cut back without sacrificing essentials.
B.	Utility bills	
C.	Fixed expenses	
D.	Insurance payments	

#### Global Incorrect Feedback

The correct answer is: Discretionary spending. Discretionary spending is used for luxuries like entertainment or travel that can be cut back without sacrificing essentials.

### Question 9a of 10 ( 2 Making a budget 242159 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why are fixed expenses difficult to reduce?

	Choice	Feedback
A.	Fixed expenses pay for unexpected expenses like car repair.	
*B.	Fixed expenses pay for necessities like rent and utility bills.	Correct! Fixed expenses are the same every month generally because they go to pay for regular necessities.
C.	Fixed expenses pay for emergencies like a trip to the hospital.	
D.	Fixed expenses pay for fun activities like movies and meals out.	

#### Global Incorrect Feedback

The correct answer is: Fixed expenses pay for necessities like rent and utility bills. Fixed expenses are the same every month generally because they go to pay for regular necessities.

---

**Question 9b of 10** ( 2 Making a budget 242160 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a flexible expense?

	Choice	Feedback
A.	College tuition	
B.	The cable TV bill	
*C.	New clothing	Correct! Flexible expenses can be necessities or luxuries, but they're expenses that vary from month to month.
D.	Life insurance payments	

**Global Incorrect Feedback**

The correct answer is: New clothing. Flexible expenses can be necessities or luxuries, but they're expenses that vary from month to month.

---

**Question 9c of 10** ( 2 Making a budget 242161 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How do flexible expenses differ from fixed expenses?

	Choice	Feedback
A.	Flexible expenses pay for luxuries.	
*B.	Flexible expenses vary over time.	Correct! Flexible expenses can be necessities or luxuries, but they're expenses that vary from month to month.
C.	Flexible expenses cannot fit into a budget.	
D.	Flexible expenses occur only in emergencies.	

**Global Incorrect Feedback**

The correct answer is: Flexible expenses vary over time. Flexible expenses can be necessities or luxuries, but they're expenses that vary from month to month.

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**Question 10a of 10** ( 3 Making a budget 242165 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Once all unnecessary expenses have been removed from your budget, what can you do if your expenses still exceed your income?

	Choice	Feedback
*A.	Work overtime or get another job.	Correct! Once it's no longer possible to cut expenses, it's necessary to increase income in order to avoid debt.
B.	Get a loan from a bank.	
C.	Reduce spending on luxuries.	
D.	Use a credit card to pay for expenses.	

**Global Incorrect Feedback**

The correct answer is: Work overtime or get another job. Once it's no longer possible to cut expenses, it's necessary to increase income in order to avoid debt.

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**Question 10b of 10** ( 3 Making a budget 242166 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What can you do in addition to cutting all unnecessary expenses to make sure your expenses don't exceed your income?

	Choice	Feedback
A.	Start cutting fixed expenses.	
B.	Reduce discretionary spending.	
C.	Use your savings to make up the difference.	
*D.	Get another job to increase income.	Correct! Once it's no longer possible to cut expenses, it's necessary to increase income in order to avoid debt.

**Global Incorrect Feedback**

The correct answer is: Get another job to increase income. Once it's no longer possible to cut expenses, it's necessary to increase income in order to avoid debt.

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**Question 10c of 10** ( 3 Making a budget 242167 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these is a good method of increasing income so that it covers all expenses in a budget?

	Choice	Feedback
A.	Spending less on utilities	
B.	Borrowing money from a bank	
C.	Using a credit card to pay for expenses	
*D.	Getting another job or working overtime	Correct! Once it's no longer possible to cut expenses, it's necessary to increase income in order to avoid debt.

**Global Incorrect Feedback**

The correct answer is: Getting another job or working overtime. Once it's no longer possible to cut expenses, it's necessary to increase income in order to avoid debt.

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PREVIEW

CLOSE

Quiz: Give Me Some Credit

Question 1a of 10 ( 2 Loans 242210 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does leasing a car involve?

	Choice	Feedback
A.	Purchasing a car from a car dealer rather than from the previous owner	
B.	Using a loan to buy the right to use a car only on specific days of the week	
C.	Paying off the car loan over a period of time that's longer than the car is owned	
*D.	Renting the car for a specific period of time and paying for its depreciation	Correct! Leasing involves the short-term use of a car by covering all expenses, including the loss of the car's resale value.

Global Incorrect Feedback

The correct answer is: Renting the car for a specific period of time and paying for its depreciation. Leasing involves the short-term use of a car by covering all expenses, including the loss of the car's resale value.

Question 1b of 10 ( 2 Loans 242211 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: People who lease a car are paying for what?

	Choice	Feedback
*A.	The reduction in the car's value while they're driving it	Correct! Leasing involves the short-term use of a car by covering all expenses, including the loss of the car's resale value.
B.	The total cost of purchasing the car	
C.	The extra interest involved in taking a longer loan	
D.	Maintenance fees in addition to the cost of the	

	car	
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**Global Incorrect Feedback**

The correct answer is: The reduction in the car's value while they're driving it. Leasing involves the short-term use of a car by covering all expenses, including the loss of the car's resale value.

**Question 1c of 10** ( 2 Loans 242212 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What's the difference between buying a car with a loan and leasing a car?

	Choice	Feedback
A.	When you lease a car, you have to pay maintenance fees in addition to the cost of the car.	
*B.	When you lease a car, you don't own it as you do when you buy one with a loan.	Correct! Leasing a car is like renting an apartment; you're paying for its use rather than its ownership.
C.	When you lease a car, you're only purchasing the right to use the car on specific days of the week.	
D.	When you lease a car, you pay off the loan over a period of time that's longer than the car is owned.	

**Global Incorrect Feedback**

The correct answer is: When you lease a car, you don't own it as you do when you buy one with a loan. Leasing a car is like renting an apartment; you're paying for its use rather than its ownership.

**Question 2a of 10** ( 2 Loans 242213 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When can a bank repossess someone's car?

	Choice	Feedback
A.	When the owner buys a used car	

B.	When the owner gets into an accident	
C.	When the owner cancels the insurance	
*D.	When the owner defaults on the loan payments	Correct! The car is the collateral that secures a car loan, and nonpayment of any loan involves taking the collateral.

**Global Incorrect Feedback**

The correct answer is: When the owner defaults on the loan payments. The car is the collateral that secures a car loan, and nonpayment of any loan involves taking the collateral.

**Question 2b of 10** ( 2 Loans 242214 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these provides a bank with collateral on a car loan?

	Choice	Feedback
A.	The buyer's home	
B.	A savings account	
*C.	The car itself	Correct! Collateral is anything of value that the lender can take if the loan doesn't get repaid, and a car is a thing of value that people taking out car loans possess.
D.	The driver's credit history	

**Global Incorrect Feedback**

The correct answer is: The car itself. Collateral is anything of value that the lender can take if the loan doesn't get repaid, and a car is a thing of value that people taking out car loans possess.

**Question 2c of 10** ( 2 Loans 242215 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why are car loans always secured with collateral?

	Choice	Feedback
A.	Drivers are required to carry collision	



	insurance on leased cars.	
*B.	The car can always be repossessed if the owner stops paying off the loan.	Correct! Collateral is anything of value that the lender can take if the loan doesn't get repaid, and a car is a thing of value that all people taking out car loans possess.
C.	Car loans build the depreciation of the car's value into the total cost of the loan.	
D.	Banks are unwilling to give out car loans unless the buyer has a big savings account.	

**Global Incorrect Feedback**

The correct answer is: The car can always be repossessed if the owner stops paying off the loan. Collateral is anything of value that the lender can take if the loan doesn't get repaid, and a car is a thing of value that all people taking out car loans possess.

**Question 3a of 10** ( 2 Loans 242216 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do many banks consider student loans risky investments?

	Choice	Feedback
A.	Student loans have long grace periods.	
*B.	Student loans aren't secured by collateral.	Correct! The government often sponsors student loans in order to make sure students have the opportunity to finance their educations.
C.	Student loans bring in a low rate of interest.	
D.	Student loans are regulated by the government.	

**Global Incorrect Feedback**

The correct answer is: Student loans aren't secured by collateral. The government often sponsors student loans in order to make sure students have the opportunity to finance their educations.

**Question 3b of 10** ( 2 Loans 242217 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why are student loans considered unsecured?

	Choice	Feedback
A.	The government doesn't provide insurance for student loans.	
B.	Students can't be required to make interest payments until they graduate.	
*C.	Lenders don't have any collateral to seize if the loan doesn't get paid back.	Correct! The government often sponsors student loans in order to make sure students have the opportunity to finance their educations.
D.	Banks can't make a high profit on student loans because of the low interest rates.	

**Global Incorrect Feedback**

The correct answer is: Lenders don't have any collateral to seize if the loan doesn't get paid back. The government often sponsors student loans in order to make sure students have the opportunity to finance their educations.

**Question 3c of 10** ( 2 Loans 242218 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these makes a student loan different from other types of loans?

	Choice	Feedback
*A.	Students don't have to provide any collateral to get a student loan.	Correct! The government often sponsors student loans in order to make sure students have the opportunity to finance their educations.
B.	Student loans are sponsored and guaranteed by the government.	
C.	The principal on a student loan is paid off before the interest is applied.	
D.	The payments on a student loan can't be shown on an amortization table.	

**Global Incorrect Feedback**

The correct answer is: Students don't have to provide any collateral to get a student loan. The government often sponsors student loans in

order to make sure students have the opportunity to finance their educations.

### Question 4a of 10 ( 2 Mortgages 242219 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these describes what can happen with an adjustable-rate mortgage?

	Choice	Feedback
A.	The percentage paid on property goes up or down from year to year.	
*B.	The monthly mortgage payments go up or down from year to year.	Correct! An adjustable-rate loan of any kind has an interest rate that goes up and down as the economy changes over time.
C.	The annual fees decrease each year as the loan gets closer to being paid off.	
D.	The amount of principal owed on the mortgage changes as the housing market changes.	

#### Global Incorrect Feedback

The correct answer is: The monthly mortgage payments go up or down from year to year. An adjustable-rate loan of any kind has an interest rate that goes up and down as the economy changes over time.

### Question 4b of 10 ( 2 Mortgages 242220 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these describes how a five/one ARM mortgage works?

	Choice	Feedback
A.	The monthly payment is one-fifth of the total purchase price of the house.	
*B.	The interest rate is fixed for five years and then changes every year afterward.	Correct! The five/one ARM gives homeowners certainty about their mortgage payments during the early years of their loan.
C.	The interest rate charged on the mortgage is five times the normal interest rate.	
D.	The annual fees on the mortgage are only	

	charged during the first five years of the loan.	
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**Global Incorrect Feedback**

The correct answer is: The interest rate is fixed for five years and then changes every year afterward. The five/one ARM gives homeowners certainty about their mortgage payments during the early years of their loan.

**Question 4c of 10** ( 2 Mortgages 242221 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these describes how a fixed-rate mortgage works?

	Choice	Feedback
A.	The property taxes on a fixed-rate mortgage never get any higher.	
B.	The purchase price of the house never goes up with a fixed-rate mortgage.	
*C.	The monthly payment on a fixed-rate mortgage never changes.	Correct! A fixed-rate mortgage guarantees the homeowner a fixed monthly payment no matter what else happens to the economy.
D.	The bank gets paid all of the interest before the principal on the loan goes down.	

**Global Incorrect Feedback**

The correct answer is: The monthly payment on a fixed-rate mortgage never changes. A fixed-rate mortgage guarantees the homeowner a fixed monthly payment no matter what else happens to the economy.

**Question 5a of 10** ( 2 Mortgages 242222 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the advantages of getting a government-sponsored mortgage instead of a conventional mortgage?

	Choice	Feedback
A.	Government mortgages are easier to get approved than conventional mortgages.	

B.	Government mortgages allow home buyers to spend more money on their house.	
*C.	Government mortgages charge lower interest rates than conventional mortgages.	Correct! Because the government isn't trying to make a profit on its loans, it can afford to charge a lower interest rate than private banks.
D.	Government mortgages prevent the government from taking the property for public use.	

**Global Incorrect Feedback**

The correct answer is: Government mortgages charge lower interest rates than conventional mortgages. Because the government isn't trying to make a profit on its loans, it can afford to charge a lower interest rate than private banks.

**Question 5b of 10** ( 2 Mortgages 242223 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the disadvantages of getting a government-sponsored mortgage?

	Choice	Feedback
A.	Government mortgages allow the government to take the house for public use.	
B.	Government mortgages lead to large increases in the property taxes paid on the house.	
C.	Government mortgages charge higher interest rates than conventional mortgages.	
*D.	Government mortgages take a long time and a lot of paperwork to get approved.	Correct! Government loans are less expensive, but they come with a lot of requirements and restrictions that take awhile to verify.

**Global Incorrect Feedback**

The correct answer is: Government mortgages take a long time and a lot of paperwork to get approved. Government loans are less expensive, but they come with a lot of requirements and restrictions that take awhile to verify.

**Question 5c of 10** ( 2 Mortgages 242224 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the disadvantages of getting a government-sponsored mortgage?

	Choice	Feedback
A.	Government mortgages require the payment of higher taxes.	
B.	Government mortgages involve more up-front fees than conventional mortgages.	
*C.	Government mortgages put a limit on the purchase price of a house.	Correct! Government loans are less expensive, but they come with a lot of requirements and restrictions that often don't fit with a buyer's needs or desires.
D.	Government mortgages allow the government to seize the property for public use.	

**Global Incorrect Feedback**

The correct answer is: Government loans put a limit on the purchase price of a house. Government loans are less expensive, but they come with a lot of requirements and restrictions that often don't fit with a buyer's needs or desires.

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**Question 6a of 10** ( 2 Credit cards 242225 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why are credit cards more convenient than debit cards?

	Choice	Feedback
*A.	They allow people to buy things without paying immediately.	Correct! Credit card customers don't have to wait until they have money in the bank to buy things.
B.	They can be used exactly like checks.	
C.	They enable people to earn interest on their purchases.	
D.	They provide instant access to money in a savings account.	

**Global Incorrect Feedback**

The correct answer is: They allow people to buy things without paying immediately. Credit card customers don't have to wait until they have

money in the bank to buy things.

### Question 6b of 10 ( 2 Credit cards 242226 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is one way that credit cards differ from debit cards?

	Choice	Feedback
A.	With a credit card, you never have to pay any fees.	
B.	With a credit card, you earn interest on all of your purchases.	
*C.	With a credit card, you pay later for something you buy.	Correct! Credit card customers don't have to wait until they have money in the bank to buy things.
D.	With a credit card, you get instant access to your savings account.	

#### Global Incorrect Feedback

The correct answer is: With a credit card, you pay later for something you buy. Credit card customers don't have to wait until they have money in the bank to buy things.

### Question 6c of 10 ( 2 Credit cards 242227 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one advantage of using a credit card to make purchases?

	Choice	Feedback
A.	You earn interest on your purchases.	
*B.	You can buy something now and pay for it later.	Correct! Credit card customers don't have to wait until they have money in the bank to buy things.
C.	You automatically improve your credit history.	
D.	You get instant access to your checking account.	

#### Global Incorrect Feedback

The correct answer is: You can buy something now and pay for it later. Credit card customers

don't have to wait until they have money in the bank to buy things.

### Question 7a of 10 ( 3 Credit cards 242228 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the fees below with the situations where a credit card customer would get charged.

Choice Text	Correct Match	Match Text
A. Annual fee	C.	You withdraw \$500 from an ATM using your credit card.
B. Balance transfer fee	D.	You pay your minimum payment one week after the due date.
C. Cash advance fee	A.	The credit card company requires a yearly payment for the right to use the card.
D. Late payment fee	B.	You use a new credit card to pay off the \$1,000 balance on another credit card.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Annual fee: The credit card company requires a yearly payment for the right to use the card; Balance transfer fee: You use a new credit card to pay off the \$1,000 balance on another credit card; Cash advance fee: You withdraw \$500 from an ATM using your credit card; Late payment fee: You pay your minimum payment one week after the due date.

### Question 7b of 10 ( 3 Credit cards 242229 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each fee below with the situation where a credit card customer would get charged.

Choice Text	Correct Match	Match Text
A. Balance transfer fee	A.	You use a new credit card to pay off the \$2,000 you owe on another credit card.



B. Cash advance fee	D.	You charge \$800 on a credit card that has a \$500 spending cap.
C. Late payment fee	B.	You use your credit card to take out \$200 in cash from an ATM.
D. Overlimit fee	C.	You forget to send in your minimum monthly payment one month.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answer is: Balance transfer fee: You use a new credit card to pay off the \$2,000 you owe on another credit card; Cash advance fee: You use your credit card to take out \$200 in cash from an ATM; Late payment fee: You forget to send in your minimum monthly payment one month; Overlimit fee: You charge \$800 on a credit card that has a \$500 spending cap.

### Question 7c of 10 ( 3 Credit cards 242230 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the fees below with the situations where a credit card customer would get charged.

Choice Text	Correct Match	Match Text
A. Annual fee	C.	You take out \$400 from an ATM using your credit card.
B. Balance transfer fee	D.	You don't have the money to make your minimum payment one month.
C. Cash advance fee	B.	You pay what you owe on one credit card using your new credit card.
D. Late payment fee	A.	You pay \$75 for the privilege of using your card for one year.

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

Global Incorrect Feedback	
	The correct answer is: Annual fee: You pay \$75 for the privilege of using your card for one year; Balance transfer fee: You pay what you owe on one credit card using your new credit card; Cash advance fee: You take out \$400 from an ATM using your credit card; Late payment fee: You don't have the money to make your minimum payment one month.

### Question 8a of 10 ( 2 Credit cards 242231 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What's the purpose of a credit report?

	Choice	Feedback
A.	To enable the IRS to check the accuracy of taxpayers' tax return forms	
B.	To make it easier for consumers to obtain loans to make major purchases	
C.	To provide customers with information about the fees associated with a credit card account	
*D.	To help banks determine if people should be given a loan or credit card	Correct! Credit reports provide a credit card issuer with applicants' credit histories to show whether they are a good risk or not.

Global Incorrect Feedback
The correct answer is: To help banks determine if people should be given a loan or credit card. Credit reports provide a credit card issuer with applicants' credit histories to show whether they are a good risk or not.

### Question 8b of 10 ( 2 Credit cards 242232 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is it important for people to maintain a good credit history?

	Choice	Feedback
A.	So that the IRS won't investigate them for tax fraud	

B.	So that it's easier to list the expenses on their personal budget	
C.	So that they know all of the fees associated with their credit cards	
*D.	So that they have an easier time getting loans and credit cards	Correct! Everyone's credit history is recorded on a credit report that banks and other financial institutions use to determine whether or not the person is a good risk for a loan or credit card.

**Global Incorrect Feedback**

The correct answer is: So that they have an easier time getting loans and credit cards. Everyone's credit history is recorded on a credit report that banks and other financial institutions use to determine whether or not the person is a good risk for a loan or credit card.

**Question 8c of 10** ( 2 Credit cards 242233 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How do credit card companies use a person's credit report?

	Choice	Feedback
A.	To figure out if that person has been using a budget	
*B.	To determine if that person should be given a loan or credit card	Correct! Credit reports provide a credit card issuer with applicants' credit histories to show whether they are a good risk or not.
C.	To help them figure out ways to pay off their outstanding debt	
D.	To calculate how much interest the person is owed on their account	

**Global Incorrect Feedback**

The correct answer is: To determine if that person should be given a loan or credit card. Credit reports provide a credit card issuer with applicants' credit histories to show whether they are a good risk or not.

**Question 9a of 10** ( 3 Credit cards 242234 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these credit card features would be best for customers who think they might not be able to pay their balance at the end of each month?

	Choice	Feedback
A.	No fees for cash advances	
B.	A high balance transfer limit	
*C.	A low annual percentage rate	Correct! The annual percentage rate (APR) is the interest on the money that remains unpaid, so someone who thinks they'll have unpaid bills will want to keep those interest payments as low as possible.
D.	An annual fee that can be waived	

**Global Incorrect Feedback**

The correct answer is: A low annual percentage rate. The annual percentage rate (APR) is the interest on the money that remains unpaid, so someone who thinks they'll have unpaid bills will want to keep those interest payments as low as possible.

---

**Question 9b of 10** ( 3 Credit cards 242235 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these credit card features would be best for customers who think they might need to use their credit card to borrow money?

	Choice	Feedback
*A.	No fees for cash advances	Correct! The cash advance is a way for credit card customers to give themselves a loan by taking money out of an ATM.
B.	A long grace period	
C.	Low fees for balance transfers	
D.	An annual fee that can be waived	

**Global Incorrect Feedback**

The correct answer is: No fees for cash advances. The cash advance is a way for credit card customers to give themselves a loan by taking money out of an ATM.

---

**Question 9c of 10** ( 3 Credit cards 242236 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these credit card features would be best for customers who often forget to send in their payments on time?

	Choice	Feedback
A.	No fees for cash advances	
*B.	A low late payment fee	Correct! Late payment fees punish customers who don't pay their bills on time; these customers are also subject to interest payments on the unpaid balance.
C.	A small charge for balance transfers	
D.	No penalties for exceeding the spending limit	

**Global Incorrect Feedback**

The correct answer is: A low late payment fee. Late payment fees punish customers who don't pay their bills on time; these customers are also subject to interest payments on the unpaid balance.

**Question 10a of 10** ( 3 Credit cards 242237 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each of the credit card terms with its definition.

Choice Text	Correct Match	Match Text
A. Annual percentage rate	B.	Number of days to run a balance before fees or interest are charged.
B. Grace period	C.	A credit card with money in a savings account to act as collateral.
C. Secured card	A.	The amount of interest paid on unpaid balances.
D. Credit report	D.	A listing of a person's financial information and history

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

Global Incorrect Feedback	
	The correct answer is: Annual percentage rate: The amount of interest paid on unpaid balances; Grace period: Number of days to run a balance before fees or interest are charged; Secured card: A credit card with money in a savings account to act as collateral; Credit report: A listing of a person's financial information and history.

### Question 10b of 10 ( 3 Credit cards 242238 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of these credit card features with their purpose.

Choice Text	Correct Match	Match Text
A. Annual percentage rate	C.	To build a good credit rating.
B. Balance transfer	B.	To use one credit card to pay off money owed on a different credit card.
C. Secured card	D.	To use a credit card to get money from a bank machine.
D. Cash advance	A.	To charge interest on unpaid balances.

Attempt	Incorrect Feedback
1st	

Correct Feedback	
	Correct!

Global Incorrect Feedback	
	The correct answer is: Annual percentage rate: To charge interest on unpaid balances; Balance transfer: To use one credit card to pay off money owed on a different credit card; Secured card: To build a good credit rating; Cash advance: To use a credit card to get money from a bank machine.

### Question 10c of 10 ( 3 Credit cards 242239 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of these credit card terms with its correct description.

	Choice Text	Correct Match	Match Text
	A. Annual percentage rate	B.	Number of days to run a balance before fees or interest are charged.
	B. Grace period	A.	The amount of interest charged on unpaid balances.
	C. Balance transfer	D.	A listing of a person's financial information and history.
	D. Credit report	C.	The movement of money owed on one credit card to another credit card.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Annual percentage rate: The amount of interest charged on unpaid balances; Grace period: Number of days to run a balance before fees or interest are charged; Balance transfer: The movement of money owed on one credit card to another credit card; Credit report: A listing of a person's financial information and history.

---

**Quiz: The Responsible Consumer****Question 1a of 10** ( 3 Store policies 242255 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these is a procedure that quantifies the personal value of a purchase?

- A. The usefulness of the item is turned into utility.
  - B. The purchase price is calculated as a certain number of working hours.
  - C. The production costs of the item are calculated.
  - D. The costs and benefits of the item are determined.
- 

**Question 1b of 10** ( 3 Store policies 242256 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these is one way to quantify the personal value of a good or service?

- A. By finding out how much profit the company makes selling the good or service
  - B. By finding the monetary value of something the person would willingly trade in exchange for the good or service
  - C. By figuring out all of the monetary and non-monetary costs associated with buying the good or service
  - D. By calculating and comparing all of the monetary costs and benefits of purchasing that good or service
- 

**Question 1c of 10** ( 3 Store policies 242257 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these methods successfully quantifies the value of a computer to a particular person?

- A. By determining the number of hours the person is willing to work to earn the purchase price of the computer
  - B. By figuring out all of the monetary and non-monetary costs associated with buying a computer
  - C. By calculating and comparing all of the monetary costs and benefits of computer ownership
  - D. By subtracting all of the production costs from the total revenue the computer helps the person earn
- 

**Question 2a of 10** ( 2 Store policies 242258 )

1 attempt (2 points possible)



**Multiple Choice:** Please select the best answer and click "submit."

Why should consumers look for products that have a warranty?

- A. It keeps the store from charging a restocking fee.
  - B. It guarantees that they can return the product for any reason.
  - C. It provides them with an incentive to choose the best product.
  - D. It protects them in case the product is defective.
- 

### Question 2b of 10 ( 2 Store policies 242259 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

What is the benefit of purchasing a product with a warranty?

- A. You'll be able to use your credit card to pay for the purchase.
  - B. You'll be able to return the product to the store for a full refund for any reason.
  - C. You'll get a repair or replacement if the product is damaged or defective.
  - D. You'll have all of the information you need to make an informed consumer decision.
- 

### Question 2c of 10 ( 2 Store policies 242260 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

A warranty protects consumers against what?

- A. Government regulations
  - B. Anticompetitive behaviors
  - C. Fraud and misrepresentation
  - D. Defective or damaged products
- 

### Question 3a of 10 ( 3 Store policies 242261 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each retail term with the correct definition.

- |                   |                          |  |
|-------------------|--------------------------|--|
| A. Brand name     | <input type="checkbox"/> | Pay earned by salespeople for making sales   |
| B. Warranty       | <input type="checkbox"/> | Particular company associated with a product |
| C. Restocking fee | <input type="checkbox"/> | Money charged for a returned item            |

D. Commission

A guarantee of return or service

---

### Question 3b of 10 ( 3 Store policies 242262 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each retail term with the correct definition.

A. Store credit

Money that can be used to make purchases only at a particular store

B. Brand name

Particular company associated with a product

C. Warranty

Pay earned by salespeople for making sales

D. Commission

A guarantee of return or service

---

### Question 3c of 10 ( 3 Store policies 242263 )

1 attempt (2 points possible)

**Matching:** Type the letter of each item in the left column by its match on the right, and then click "submit."

Match each retail term with the correct definition.

A. Warranty

A non-brand-name product equivalent to a brand name

B. Commission

Money that can be used to make purchases only at a particular store

C. Store credit

Pay earned by salespeople for making sales

D. Generic brand

A guarantee of return or service

---

### Question 4a of 10 ( 1 Social responsibility 242264 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of the following are *not* concerns that socially responsible consumers have?

- A. Labor practices
  - B. Charitable activities
  - C. Production costs
  - D. Environmental impact
- 

**Question 4b of 10** ( 1 Social responsibility 242265 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these is *not* a primary concern of socially responsible consumers?

- A. Price
  - B. Sustainability
  - C. Labor practices
  - D. Environmental damage
- 

**Question 4c of 10** ( 1 Social responsibility 242266 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Socially responsible consumers prefer to buy from companies that use what?

- A. Tax deductions
  - B. Inexpensive labor
  - C. Mediation services
  - D. Renewable resources
- 

**Question 5a of 10** ( 3 Social responsibility 242267 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these is a renewable resource?

- A. Oil
  - B. Iron
  - C. Trees
  - D. Coal
- 

**Question 5b of 10** ( 3 Social responsibility 242268 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these is a nonrenewable resource?

- A. Trees
  - B. Coal
  - C. Fresh water
  - D. Solar power
- 

**Question 5c of 10** ( 3 Social responsibility 242269 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these production practices promotes sustainable development?

- A. An assembly line
  - B. Offshoring production
  - C. The use of renewable resources
  - D. Bidding for government contracts
- 

**Question 6a of 10** ( 3 Social responsibility 242270 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these is a way that individuals can be socially responsible?

- A. By using less energy
  - B. By refusing to pay taxes
  - C. By participating in brain drain
  - D. By decreasing marginal utility
- 

**Question 6b of 10** ( 3 Social responsibility 242271 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these is a way that businesses can be socially responsible?

- A. By boycotting protective tariffs
  - B. By minimizing pollution from production
  - C. By charging the lowest prices possible
  - D. By preventing immigrants from getting jobs
- 

**Question 6c of 10** ( 3 Social responsibility 242272 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

How can the government promote socially responsible production?

- A. By reducing tariffs and other trade barriers
  - B. By enforcing consumer-protection regulations
  - C. By punishing anticompetitive business practices
  - D. By passing environmental-protection regulations
- 

### Question 7a of 10 ( 2 Consumer complaints 242273 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

How can the Better Business Bureau help consumers resolve their complaints?

- A. By preventing fraud
  - B. By investigating cartels
  - C. By providing mediation services
  - D. By enforcing antitrust laws
- 

### Question 7b of 10 ( 2 Consumer complaints 242274 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these actions can the Consumer Product Safety Commission take to help protect consumers?

- A. Force a store to issue store credit
  - B. Recall an unsafe product
  - C. Make a company repair a damaged product
  - D. Mediate a disagreement between a consumer and a store
- 

### Question 7c of 10 ( 2 Consumer complaints 242275 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

How can the news media help protect consumers?

- A. By issuing a recall on an unsafe product
  - B. By helping consumers organize boycotts
  - C. By giving consumers advice on how to make a personal budget
  - D. By investigating and exposing bad products and business practices
- 

### Question 8a of 10 ( 2 Consumer complaints 242276 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Small-claims court is a place for which of the following?

- A. People to resolve financial differences
  - B. Warrantees to be redeemed
  - C. The government to punish cartels
  - D. Customers to return damaged goods
- 

### Question 8b of 10 ( 2 Consumer complaints 242277 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

What is one benefit of going to small-claims court to fight against wrongdoing by a business?

- A. You don't need to pay a lawyer to handle your case.
  - B. The government provides you with a lawyer.
  - C. Juries often award large damage settlements.
  - D. The Better Business Bureau will handle your complaint.
- 

### Question 8c of 10 ( 2 Consumer complaints 242278 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Consumers can go to small-claims court when what happens?

- A. They want to use free mediation services.
  - B. Consumer-protection regulations don't exist.
  - C. Other ways of resolving their complaint fail.
  - D. They discover that a product is misrepresented.
- 

### Question 9a of 10 ( 3 Consumer complaints 242279 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

What is the main reason why a boycott might not be successful?

- A. The company is able to spend more money lobbying the government.
  - B. Many consumers won't stay away from a company that offers the lowest prices.
  - C. Companies will only change their ways if their sales and profits are affected.
  - D. The news media often refuses to cover boycotts for fear of driving away advertisers.
- 

### Question 9b of 10 ( 3 Consumer complaints 242280 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

How has the Internet helped boycotters?

- A. It has increased competition by introducing online retail sales.
  - B. It enables outsourcing and helps companies keep their production costs down.
  - C. It makes it easy for consumers to share their product reviews with each other.
  - D. It enables boycotters to organize and publicize their activities more easily.
- 

**Question 9c of 10** ( 3 Consumer complaints 242281 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

What is one sacrifice that boycotters often have to make?

- A. They pay higher prices.
  - B. They lose their jobs.
  - C. They suffer from brain drain.
  - D. They have reduced Internet access.
- 

**Question 10a of 10** ( 2 Consumer complaints 242282 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Consumers can use lobbying to accomplish what?

- A. To force labor unions to accept wage cuts
  - B. To get the government to pass new laws
  - C. To pressure companies to change their ways
  - D. To prevent countries from using trade barriers
- 

**Question 10b of 10** ( 2 Consumer complaints 242283 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Which of these would consumers use lobbying to accomplish?

- A. The passage of new laws punishing offensive behaviors by companies
  - B. A favorable resolution of a personal complaint against a particular store
  - C. A reduction in sales or profits to pressure a company to change its ways
  - D. Gaining the attention of corporate executives by creating negative news stories
- 

**Question 10c of 10** ( 2 Consumer complaints 242284 )

1 attempt (2 points possible)

**Multiple Choice:** Please select the best answer and click "submit."

Why can consumers have influence over politicians?

- **A.** Consumers are able to boycott politicians' re-election campaigns.
  - **B.** Corporations use profits from consumers to lobby the government.
  - **C.** Politicians rely on the votes of consumers to keep them in office.
  - **D.** Government agencies are required to address consumer complaints.
-



PREVIEW

CLOSE

Test (CS): Playing the Game Yourself: Personal Finance

**Question 1a of 25** ( 1 Cost-benefit analysis 241430 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do economic decisions vary from person to person even under the same circumstances?

	Choice	Feedback
A.	The value of money is generic.	
*B.	Costs and benefits are subjective.	Correct! Subjective calculations vary from person to person.
C.	Different people expect different returns.	
D.	Utility decreases differently for different people.	

**Global Incorrect Feedback**

The correct answer is: Costs and benefits are subjective. Subjective calculations vary from person to person.

**Question 1b of 25** ( 1 Cost-benefit analysis 241431 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Because subjective decisions are based on a person's unique values and beliefs, economic decisions \_\_\_\_\_.

	Choice	Feedback
*A.	vary from person to person	Correct! Subjective calculations vary from person to person.
B.	follow a personal production frontier	
C.	can be reduced to utility preferences	
D.	are always based on monetary considerations	

**Global Incorrect Feedback**

The correct answer is: vary from person to person. Subjective calculations vary from person to person.

### Question 1c of 25 ( 1 Cost-benefit analysis 241432 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do people come to different decisions using cost-benefit analysis even under the same conditions?

	Choice	Feedback
A.	All values are ultimately monetary.	
*B.	Costs and benefits are both subjective.	Correct! Subjective calculations vary from person to person depending on their values and beliefs.
C.	Investment payoffs vary as time goes forward.	
D.	Different people live under different governments.	

#### Global Incorrect Feedback

The correct answer is: Costs and benefits are both subjective. Subjective calculations vary from person to person depending on their values and beliefs.

### Question 2a of 25 ( 2 Cost-benefit analysis 241433 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these most accurately describes the costs and benefits of using a credit card?

	Choice	Feedback
*A.	Credit cards are convenient but can result in debt.	Correct! The benefit of credit cards is that you can buy before paying, but this can result in debt by spending money you don't have.
B.	Credit cards charge low interest on high-cost items.	
C.	Credit cards cost money to use but result in lower prices.	
D.	Credit cards expand purchasing power but produce waste.	

#### Global Incorrect Feedback

The correct answer is: Credit cards are convenient but can result in debt. The benefit of

credit cards is that you can buy before paying, but this can result in debt by spending money you don't have.

**Question 2b of 25** ( 2 Cost-benefit analysis 241434 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these describes the costs and benefits of taking a college loan?

	Choice	Feedback
*A.	College loans help increase future earning power but result in a long-term commitment to monthly payments.	Correct! A college education is expensive, but it provides a higher earning power. Some of these increased earnings go toward paying for the loans.
B.	College loans require students to work while studying but they cost less than conventional loans.	
C.	College loans reduce tuition payments but increase total educational costs because of interest payments.	
D.	College loans help students with academic and athletic skill overcome financial hardships.	

**Global Incorrect Feedback**

The correct answer is: College loans help increase future earning power but result in a long-term commitment to monthly payments. A college education is expensive, but it provides a higher earning power. Some of these increased earnings go toward paying for the loans.

**Question 2c of 25** ( 2 Cost-benefit analysis 241435 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these describes the costs and benefits of getting a mortgage?

	Choice	Feedback
A.	Mortgages help people pay for college but involve lots of paperwork.	
*B.	Mortgages enable people to buy houses but result in large interest payments.	Correct! Mortgages are large loans that enable purchases that most people could never make even with years of saving up.

		but the interest on a mortgage adds up to nearly the price of the house.
C.	Mortgages prevent government regulation of property but involve higher taxes.	
D.	Mortgages provide a replacement for lost or damaged possessions but come with high fees.	

**Global Incorrect Feedback**

The correct answer is: Mortgages enable people to buy houses but result in large interest payments. Mortgages are large loans that enable purchases that most people could never make even with years of saving up, but the interest on a mortgage adds up to nearly the price of the house.

**Question 3a of 25** ( 3 Cost-benefit analysis 241436 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these states one of the opportunity costs of attending college?

	Choice	Feedback
A.	Specializing in one area of study limits a person's possible jobs.	
B.	The high cost of tuition requires most students to take college loans.	
C.	A college education is no guarantee of getting a high-paying job later in life.	
*D.	Time spent on schoolwork takes away from the chance to earn money at a job.	Correct! By going to college, future earning potential is increased but present earning potential is limited by the time spent on schoolwork.

**Global Incorrect Feedback**

The correct answer is: Time spent on schoolwork takes away from the chance to earn money at a job. By going to college, future earning potential is increased but present earning potential is limited by the time spent on schoolwork.

**Question 3b of 25** ( 3 Cost-benefit analysis 241437 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the opportunity costs of attending college?

	Choice	Feedback
A.	Specializing in one area of study limits a person's possible jobs.	
B.	It takes a lot of time to earn the money needed to pay for college.	
*C.	The money spent on tuition could've been invested in stocks or bonds.	Correct! Whenever money is spent on something, the earning potential of investments is given up.
D.	A college education is no guarantee of getting a high-paying job later in life.	

**Global Incorrect Feedback**

The correct answer is: The money spent on tuition could've been invested in stocks or bonds. Whenever money is spent on something, the earning potential of investments is given up.

---

**Question 3c of 25** ( 3 Cost-benefit analysis 241438 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does attending college involve an opportunity cost?

	Choice	Feedback
A.	College tuition is very expensive.	
B.	College only opens up certain job opportunities.	
C.	It takes a lot of time to earn the money needed to pay for college.	
*D.	The money spent on tuition cannot be invested in another way.	Correct! Whenever money is invested in one way, the earning potential of other investments is given up.

**Global Incorrect Feedback**

The correct answer is: The money spent on tuition cannot be invested in another way. Whenever money is invested in one way, the earning potential of other investments is given up.

---

**Question 4a of 25** ( 1 Cost-benefit analysis 241439 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** What do leases contain?

	Choice	Feedback
A.	Utility bills	
*B.	The obligations of renters and landlords	Correct! A lease creates binding obligations that are enforceable by law.
C.	The interest payment on apartment-building mortgages	
D.	Insurance clauses providing for replacement cost in case of loss	

**Global Incorrect Feedback**

The correct answer is: The obligations of renters and landlords. A lease creates binding obligations that are enforceable by law.

**Question 4b of 25** ( 1 Cost-benefit analysis 241440 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2  
**Question:** What does a lease outline?

	Choice	Feedback
*A.	Obligations of renters and landlords	Correct! A lease creates binding obligations that are enforceable by law.
B.	Price of all utilities for an apartment	
C.	Interest and principal payments of a loan	
D.	Types of accidents covered by an insurance policy	

**Global Incorrect Feedback**

The correct answer is: Obligations of renters and landlords. A lease creates binding obligations that are enforceable by law.

**Question 4c of 25** ( 1 Cost-benefit analysis 241441 )

**Maximum Attempts:** 1  
**Question Type:** Multiple Choice  
**Maximum Score:** 2

**Question:** What kind of contract outlines the obligations of a landlord and his or her renters?

	Choice	Feedback
A.	A bond	
*B.	A lease	Correct! A lease creates a binding obligation between tenants of an apartment and the owner of the building in which the apartment is located.
C.	A mortgage	
D.	A regulation	

Global Incorrect Feedback
The correct answer is: A lease. A lease creates a binding obligation between tenants of an apartment and the owner of the building in which the apartment is located.

### Question 5a of 25 ( 3 Insurance 241442 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of insurance with a situation in which that insurance would be useful.

Choice Text	Correct Match	Match Text
A. Collision coverage	B.	When your personal possessions are stolen from your apartment
B. Renter's insurance	C.	When you lose your job because of an injury or illness
C. Disability insurance	A.	When your car is damaged in an accident you cause
D. Fee-for-service insurance	D.	When you want to choose your own doctor or hospital

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Collision coverage: When your car is damaged in an accident you cause; Renter's insurance: When your personal possessions are stolen from your apartment; Disability insurance: When you lose your job because of an injury or illness; Fee-for-service

	insurance: When you want to choose your own doctor or hospital.
--	---

### Question 5b of 25 ( 3 Insurance 241443 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of insurance with a situation in which the insurance would be useful.

Choice Text	Correct Match	Match Text
A. Uninsured motorists coverage	C.	When you have to take a month off from work because of an injury or illness
B. Homeowner's insurance	D.	When you need to visit a doctor about an illness
C. Disability insurance	A.	When your car is damaged by someone who has no auto insurance
D. Managed-care coverage	B.	When your house and possessions are destroyed by a fire

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Uninsured motorists coverage: When your car is damaged by someone who has no auto insurance; Homeowner's insurance: When your house and possessions are destroyed by a fire; Disability insurance: When you have to take a month off from work because of an injury or illness; Managed-care coverage: When you need to visit a doctor about an illness.

### Question 5c of 25 ( 3 Insurance 241444 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of insurance with a situation in which that insurance would be useful.

Choice Text	Correct Match	Match Text
A. Life insurance	D.	When you cause a car accident that injures other people



B. Renter's insurance	C.	When you have to take a month off from work because of an injury or illness
C. Disability insurance	B.	When your personal possessions are stolen from your apartment
D. Liability insurance	A.	When you want to provide for your family after you die

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Life insurance: When you want to provide for your family after you die; Renter's insurance: When your personal possessions are stolen from your apartment; Disability insurance: When you have to take a month off from work because of an injury or illness; Liability insurance: When you cause a car accident that injures other people.

### Question 6a of 25 ( 2 Insurance 241445 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: When is liability insurance needed?

	Choice	Feedback
A.	When your personal possessions are stolen from your apartment	
B.	When someone with no insurance damages your car in an accident	
C.	When you have to take off time from work because of an injury or illness	
*D.	When you cause an accident that damages another vehicle or hurts someone	Correct! Liability insurance is a type of auto insurance that places your financial responsibility for an accident on your insurance company.

Global Incorrect Feedback
The correct answer is: When you cause an accident that damages another vehicle or hurts someone. Liability insurance is a type of auto insurance that places your financial responsibility for an accident on your insurance company.

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**Question 6b of 25** ( 2 Insurance 241447 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** What kind of customer would want collision coverage for his or her auto insurance?

	Choice	Feedback
A.	Someone who has a record of causing accidents that result in high repair bills	
*B.	Someone concerned about causing damage to his or her own car	Correct! Some car insurance policies only cover the other car, but collision covers your car even if you were at fault.
C.	Someone who has a car that costs too little to be worth repairing after an accident	
D.	Someone worried about getting into an accident with someone who has no insurance	

**Global Incorrect Feedback**

The correct answer is: Someone concerned about causing damage to his or her own car. Some car insurance policies only cover the other car, but collision covers your car even if you were at fault.

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**Question 6c of 25** ( 2 Insurance 241449 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Why do some auto insurance customers want medical coverage for their policies?

	Choice	Feedback
A.	To prevent uninsured motorists from suing them for injuries they cause	
B.	To help find the best hospital to care for people they injured in a car accident	
*C.	To avoid having to pay for hospital bills resulting from an accident they cause	Correct! Many car accidents involve both car repair bills and medical bills; this kind of insurance makes sure that both are covered.
D.	To keep from having to make a co-pay in case of a minor injury after an accident	

**Global Incorrect Feedback**

The correct answer is: To avoid having to pay for hospital bills resulting from an accident they cause. Many car accidents involve both car repair bills and medical bills; this kind of insurance makes sure that both are covered.

**Question 7a of 25** ( 3 Insurance 241450 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of these describes a situation in which people have to pay a deductible?

	Choice	Feedback
*A.	When their insurance policy only covers part of a medical expense	Correct! The deductible is what the patient pays before the insurance company starts contributing money.
B.	When their health insurance allows them to choose any doctor or hospital	
C.	When they have been in an accident caused by someone who has no insurance	
D.	When they have insurance that covers actual value instead of replacement cost	

**Global Incorrect Feedback**

The correct answer is: When their insurance policy only covers part of a medical expense. The deductible is what the patient pays before the insurance company starts contributing money.

**Question 7b of 25** ( 3 Insurance 241451 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** Which of these describes a situation in which people have to make a co-pay?

	Choice	Feedback
*A.	When they visit a doctor	Correct! The co-pay is what the patient pays to a doctor in addition to what the insurance company pays.
B.	When their house burns down	

C.	When their possessions are stolen	
D.	When they get their car repaired after an accident	

**Global Incorrect Feedback**

The correct answer is: When they visit a doctor. The co-pay is what the patient pays to a doctor in addition to what the insurance company pays.

**Question 7c of 25** ( 3 Insurance 241452 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Under what circumstances do people have to make a co-pay?

	Choice	Feedback
A.	When their possessions are destroyed in a fire	
*B.	When they go to a doctor because of an illness	Correct! The co-pay is what the patient pays to a doctor in addition to what the insurance company pays.
C.	When they cause a car accident that injures someone else	
D.	When they take a low-paying job while recovering from an injury	

**Global Incorrect Feedback**

The correct answer is: When they go to a doctor because of an illness. The co-pay is what the patient pays to a doctor in addition to what the insurance company pays.

**Question 8a of 25** ( 1 Checkings and savings 241453 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is a bank customer's share of the profits made on loans?

	Choice	Feedback
A.	Exchange rates	
B.	Stock dividends	
C.	Principal payments	
*D.	Savings account interest	Correct! Interest on a savings account is

	a partial share of the profits derived from the use of the money.
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**Global Incorrect Feedback**

The correct answer is: Savings account interest. Interest on a savings account is a partial share of the profits derived from the use of the money.

**Question 8b of 25** ( 1 Checkings and savings 241454 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What do banks pay to their savings account customers?

	Choice	Feedback
A.	Commission	
B.	Dividends	
*C.	Interest	Correct! Interest on a savings account is a partial share of the profits derived from the use of the money.
D.	Profits	

**Global Incorrect Feedback**

The correct answer is: Interest. Interest on a savings account is a partial share of the profits derived from the use of the money.

**Question 8c of 25** ( 1 Checkings and savings 241455 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What do banks do with some of the profits they make by loaning out the money in their customers' savings accounts?

	Choice	Feedback
*A.	Pay interest on savings accounts	Correct! Interest on a savings account is a partial share of the profits derived from the use of the money.
B.	Pay a dividend to the Federal Reserve	
C.	Pay property taxes to the state government	
D.	Pay a tariff to the International Monetary Fund	

**Global Incorrect Feedback**

The correct answer is: Pay interest on savings accounts. Interest on a savings account is a partial share of the profits derived from the use of the money.

**Question 9a of 25** ( 2 Checkings and savings 241456 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** What makes a checking account more convenient than a savings account?

	Choice	Feedback
A.	You pay smaller fees on a checking account.	
B.	You earn more interest with a checking account.	
C.	You can use a credit card to access your money 24 hours a day.	
*D.	You can spend your money without having to withdraw cash first.	Correct! You can write a check or use a debit card to spend the money in your checking account.

**Global Incorrect Feedback**

The correct answer is: You can spend your money without having to withdraw cash first. You can write a check or use a debit card to spend the money in your checking account.

**Question 9b of 25** ( 2 Checkings and savings 241458 )**Maximum Attempts:** 1**Question Type:** Multiple Choice**Maximum Score:** 2**Question:** What makes a savings account a better investment than a checking account?

	Choice	Feedback
*A.	A savings account earns interest.	Correct! Money in a checking account is easy to access, but it doesn't bring in a return, so it's not an investment at all.
B.	A savings account allows for a tax deduction.	
C.	A savings account is like part ownership in a bank.	

D.	A savings account can be accessed with a debit card.	
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**Global Incorrect Feedback**

The correct answer is: A savings account earns interest. Money in a checking account is easy to access, but it doesn't bring in a return, so it's not an investment at all.

**Question 9c of 25** ( 2 Checkings and savings 241459 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why does a savings account make a better investment than a checking account?

	Choice	Feedback
*A.	Savings accounts earn interest.	Correct! Money in a checking account is easy to access, but it doesn't bring in a return, so it's not an investment at all.
B.	Checking accounts have an annual fee.	
C.	Savings accounts pay an annual dividend.	
D.	Checking accounts aren't insured by the government.	

**Global Incorrect Feedback**

The correct answer is: Savings accounts earn interest. Money in a checking account is easy to access, but it doesn't bring in a return, so it's not an investment at all.

**Question 10a of 25** ( 3 Insurance 241460 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each fee or payment with the type of account or insurance it's associated with.

Choice Text	Correct Match	Match Text
A. Minimum balance fee	A.	Checking account
B. Annual fee	C.	Health insurance
C. Co-pay	B.	Credit card

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	<b>Global Incorrect Feedback</b>
	The correct answers are: Minimum balance fee: Checking account; Annual fee: Credit card; Co-pay: Health insurance.

### Question 10b of 25 ( 3 Insurance 241461 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each fee or payment with the type of account or insurance it's associated with.

Choice Text	Correct Match	Match Text
A. Balance transfer fee	B.	Checking account
B. Non-sufficient funds fee	C.	Health insurance
C. Deductible	A.	Credit card
D. Mortgage payment	D.	Home loan

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	<b>Global Incorrect Feedback</b>
	The correct answers are: Balance transfer fee: Credit card; Non-sufficient funds fee: Checking account; Deductible: Health insurance; Mortgage payment: Home loan.

### Question 10c of 25 ( 3 Insurance 241462 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each fee or payment with the type of account or insurance it's associated with.



	Choice Text	Correct Match	Match Text
	A. Non-sufficient funds fee	D.	Mortgage
	B. Cash advance fee	C.	Health insurance
	C. Co-pay	B.	Credit card
	D. Interest payment	A.	Checking account

Attempt	Incorrect Feedback
1st	

	Correct Feedback

	Global Incorrect Feedback
	The correct answers are: Non-sufficient funds fee: Checking account; Cash advance fee: Credit card; Co-pay: Health insurance; Interest payment: Mortgage.

### Question 11a of 25 ( 2 Budgets 241463 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What's the main reason to use a personal budget?

	Choice	Feedback
A.	To appropriate discretionary funds	
B.	To maximize investment returns	
C.	To keep costs below benefits	
*D.	To stay out of debt	Correct! A budget helps you keep expenses below income.

Global Incorrect Feedback
The correct answer is: To stay out of debt. A budget helps you keep expenses below income.

### Question 11b of 25 ( 2 Budgets 241464 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Using a budget is a good way to what?

	Choice	Feedback
A.	Earn dividends	
*B.	Stay out of debt	Correct! A budget helps you keep expenses below income.
C.	Pay for utility bills	
D.	Avoid risky investments	

**Global Incorrect Feedback**

The correct answer is: Stay out of debt. A budget helps you keep expenses below income.

**Question 11c of 25** ( 2 Budgets 241465 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these helps you avoid debt by keeping your expenses below your income?

	Choice	Feedback
A.	Liability insurance	
*B.	A personal budget	Correct! Keeping track of expenses is a good way to keep from going into debt.
C.	Cost-benefit analysis	
D.	A production possibilities frontier	

**Global Incorrect Feedback**

The correct answer is: A personal budget. Keeping track of expenses is a good way to keep from going into debt.

**Question 12a of 25** ( 3 Budgets 241466 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in the correct order to show how a budget is made.

**Correct Answer:**

1. Calculate income.
2. Write down expenses.
3. Compare expenses and income.
4. Reduce expenses if necessary.

Attempt	Incorrect Feedback
1st	

  

	Correct Feedback
	Correct!

  

	Global Incorrect Feedback
	The correct answers are: Calculate income, Write down expenses, Compare expenses and income, and Reduce expenses if necessary. When making a budget, it's first necessary to figure out what money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

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### Question 12b of 25 ( 3 Budgets 241467 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the steps in the correct order to show how to put together a personal budget.

**Correct Answer:**

1. Total your income.
2. Figure out how much money you are spending.
3. Categorize your expenses to show where your money goes.
4. Determine if your expenses are above or below your income.
5. Reduce expenses in flexible categories to save or increase savings.

Attempt	Incorrect Feedback
1st	

  

	Correct Feedback
	Correct!

  

	Global Incorrect Feedback
	The correct answer is: Total your income, Figure out how much money you are spending, Categorize your expenses to show where your money goes, Determine if your expenses are above or below your income, and Reduce expenses in flexible categories to save or increase savings. When making a budget, it's first necessary to figure out what money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

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### Question 12c of 25 ( 3 Budgets 241471 )

Maximum Attempts: 1

Question Type: Ordering

Maximum Score: 2

Question: Put the steps in the correct order to show how to put together a personal budget.

Correct Answer:

1. Add up all of your sources of income.
2. Figure out how much money you're spending.
3. Categorize your expenses to show where your spending goes.
4. Determine if your spending is below your income.
5. Reduce expenses in flexible categories to save or increase savings.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answer is: Add up all of your sources of income, Figure out how much money you're spending, Categorize your expenses to show where your spending goes, Determine if your spending is below your income, and Reduce expenses in flexible categories to save or increase savings. When making a budget, it's first necessary to figure out what money comes in and goes out, and then to compare expenses to income to make cuts if necessary.

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### Question 13a of 25 ( 3 Budgets 241472 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of discretionary spending?

	Choice	Feedback
A.	Rent	
B.	Groceries	
C.	Debt repayment	
*D.	Vacation	Correct! Discretionary spending is used for luxuries like entertainment or travel.

**Global Incorrect Feedback**

The correct answer is: Vacation. Discretionary spending is used for luxuries like entertainment or travel.

**Question 13b of 25** ( 3 Budgets 241473 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of luxury spending?

	Choice	Feedback
*A.	Travel	Correct! Luxuries are things that you can do without.
B.	Debt repayment	
C.	Housing	
D.	Clothing	

**Global Incorrect Feedback**

The correct answer is: Travel. Luxuries are things that you can do without.

**Question 13c of 25** ( 3 Budgets 241474 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is an example of a fixed expense?

	Choice	Feedback
*A.	Rent	Correct! Fixed expenses don't change from month to month.
B.	Travel	
C.	Gasoline	
D.	Clothing	

**Global Incorrect Feedback**

The correct answer is: Rent. Fixed expenses don't change from month to month.

**Question 14a of 25** ( 2 Insurance 241475 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What are you paying for when you lease a car?

	Choice	Feedback
A.	The rent on a parking space	
B.	The purchase price of the car	
C.	The production costs of the car	
*D.	The decrease in the car's value	Correct! When you lease, you rent the car by paying for its depreciation while you're using it.

**Global Incorrect Feedback**

The correct answer is: The decrease in the car's value. When you lease, you rent the car by paying for its depreciation while you're using it.

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**Question 14b of 25** ( 2 Insurance 241476 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these allows someone to buy a car that costs more than he or she can afford?

	Choice	Feedback
A.	Lease	
*B.	Car loan	Correct! A car loan allows you to buy a car and pay it back over several years.
C.	Mortgage	
D.	Liability insurance	

**Global Incorrect Feedback**

The correct answer is: Car loan. A car loan allows you to buy a car and pay it back over several years.

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**Question 14c of 25** ( 2 Insurance 241477 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What provides collateral to secure a car loan?

	Choice	Feedback
*A.	The car	Correct! Collateral is anything of value that the lender can take if the loan doesn't get repaid, and a car is a thing of value that people taking out car loans possess.
B.	A car loan	
C.	A credit card	
D.	The driver's credit report	

**Global Incorrect Feedback**

The correct answer is: The car. Collateral is anything of value that the lender can take if the loan doesn't get repaid, and a car is a thing of value that people taking out car loans possess.

**Question 15a of 25** ( 1 Insurance 241479 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does an amortization table show?

	Choice	Feedback
A.	The deductible for different insurance policies	
*B.	The principle and interest being paid on a loan	Correct! An amortization table shows the way a loan gets paid off by listing the principle and interest associated with each payment.
C.	The ratio of dividends to profits paid on a share of stock	
D.	The co-pay required by different kinds of health insurance	

**Global Incorrect Feedback**

The correct answer is: The principle and interest being paid on a loan. An amortization table shows the way a loan gets paid off by listing the principle and interest associated with each payment.

**Question 15b of 25** ( 1 Insurance 241481 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Using an amortization table gives you information about what?

	Choice	Feedback
*A.	A loan	Correct! An amortization table shows the way a loan gets paid off by listing the principle and interest associated with each payment.
B.	A credit card	
C.	An investment	
D.	An insurance policy	

**Global Incorrect Feedback**

The correct answer is: A loan. An amortization table shows the way a loan gets paid off by listing the principle and interest associated with each payment.

---

**Question 15c of 25** ( 1 Insurance 241482 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these shows how a loan is paid by listing the principle and interest associated with each payment?

	Choice	Feedback
A.	A credit report	
*B.	An amortization table	Correct! The amortization table for a loan shows how much principle remains to be paid after each payment and how much interest has been paid up to that point.
C.	A supply-and-demand curve	
D.	A cost-benefit analysis	

**Global Incorrect Feedback**

The correct answer is: An amortization table. The amortization table for a loan shows how much principle remains to be paid after each payment and how much interest has been paid up to that point.

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**Question 16a of 25** ( 2 Credit 241484 )

Maximum Attempts: 1

Question Type: Multiple Choice



Maximum Score: 2

Question: What makes a credit card more convenient than a debit card?

	Choice	Feedback
A.	It pays interest on major purchases.	
B.	It comes with collective bargaining power.	
C.	It gives 24-hour access to money in a savings account.	
*D.	It can be used to buy things without immediate payment.	Correct! Credit card customers don't have to wait until they have money in the bank to make purchases.

**Global Incorrect Feedback**

The correct answer is: It can be used to buy things without immediate payment. Credit card customers don't have to wait until they have money in the bank to make purchases.

---

**Question 16b of 25** ( 2 Credit 241485 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these allows you to buy something without waiting until you have the money?

	Choice	Feedback
A.	A check	
B.	A debit card	
*C.	A credit card	Correct! With a credit card, you pay later for the things you buy.
D.	An ATM card	

**Global Incorrect Feedback**

The correct answer is: A credit card. With a credit card, you pay later for the things you buy.

---

**Question 16c of 25** ( 2 Credit 241486 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why does a credit card make it easy to go into debt?

	Choice	Feedback
A.	You pay interest on unpaid credit card balances.	
B.	You can only get a credit card if you already owe money.	
C.	You have to pay a fee every time you use a credit card.	
*D.	You can buy something before you have enough money to pay for it.	Correct! Because credit card customers don't have to wait until they have money in the bank to buy things, they might end up buying things they can't afford to pay for later either.

**Global Incorrect Feedback**

The correct answer is: You can buy something before you have enough money to pay for it. Because credit card customers don't have to wait until they have money in the bank to buy things, they might end up buying things they can't afford to pay for later either.

**Question 17a of 25** ( 2 Credit 241487 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does a good credit history do for consumers?

	Choice	Feedback
A.	It keeps prices low.	
B.	It allows them get debit cards.	
*C.	It makes it easier for them to get loans.	Correct! A person's credit history tells banks and credit card companies whether or not that person is a good risk.
D.	It helps them reduce their housing costs.	

**Global Incorrect Feedback**

The correct answer is: It makes it easier for them to get loans. A person's credit history tells banks and credit card companies whether or not that person is a good risk.

**Question 17b of 25** ( 2 Credit 241488 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Maintaining a good credit history makes it easier to do what?

	Choice	Feedback
*A.	Get a loan	Correct! A person's credit history tells banks and credit card companies whether or not that person is a good risk.
B.	Save money	
C.	Increase revenues	
D.	Go to college	

**Global Incorrect Feedback**

The correct answer is: Get a loan. A person's credit history tells banks and credit card companies whether or not that person is a good risk.

---

**Question 17c of 25** ( 2 Credit 241489 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these makes it easier for a person to get a credit card?

	Choice	Feedback
A.	An angel investor	
B.	Liability insurance	
*C.	A good credit history	Correct! A person's credit history tells banks and credit card companies whether or not that person is a good risk.
D.	A low-interest mortgage	

**Global Incorrect Feedback**

The correct answer is: A good credit history. A person's credit history tells banks and credit card companies whether or not that person is a good risk.

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**Question 18a of 25** ( 3 Credit 241490 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What kind of a credit card can customers with a bad credit history get?

	Choice	Feedback
A.	One with no annual fee	
*B.	One that's secured by collateral	Correct! People with a bad credit history have difficulty getting credit cards unless they can provide some kind of security for the credit card company to lower the risk of issuing them the card.
C.	One that has a low cash advance fee	
D.	One with a low annual percentage rate	

**Global Incorrect Feedback**

The correct answer is: One that's secured by collateral. People with a bad credit history have difficulty getting credit cards unless they can provide some kind of security for the credit card company to lower the risk of issuing them the card.

**Question 18b of 25** ( 3 Credit 241491 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these credit card features would be best for customers who want to pay off the balance on a high-interest credit card?

	Choice	Feedback
A.	A long grace period	
B.	No fees for cash advances	
*C.	Low fees for balance transfers	Correct! Balance transfers allow customers to pay off one credit card with another.
D.	An annual fee that can be waived	

**Global Incorrect Feedback**

The correct answer is: Low fees for balance transfers. Balance transfers allow customers to pay off one credit card with another.

**Question 18c of 25** ( 3 Credit 241492 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these fees is the biggest problem for customers who need to

use their credit card to take money from an ATM?

	Choice	Feedback
A.	Overlimit fee	
B.	Late payment fee	
*C.	Cash advance fee	Correct! Cash advance fees are charges for using a credit card like a bank card.
D.	Balance transfer fee	

**Global Incorrect Feedback**

The correct answer is: Cash advance fee. Cash advance fees are charges for using a credit card like a bank card.

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**Question 19a of 25** ( 2 Credit 241493 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the annual percentage rate (APR) on a credit card?

	Choice	Feedback
A.	The credit card's maximum spending limit	
*B.	The amount of interest charged on unpaid balances	Correct! The APR is the same as the interest rate on the money loaned by the credit card company.
C.	The expected return on the credit card company's investments	
D.	The percentage of a person's income they can spend each year	

**Global Incorrect Feedback**

The correct answer is: The amount of interest charged on unpaid balances. The APR is the same as the interest rate on the money loaned by the credit card company.

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**Question 19b of 25** ( 2 Credit 241494 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the grace period on a credit card?

	Choice	Feedback
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<b>A.</b>	The amount of time a person has to wait to get approved for the card	
<b>B.</b>	The amount of years a person has to have worked before being able to get a card	
<b>C.</b>	The number of months the customer has to pay off a balance transferred from another card	
<b>*D.</b>	The number of days the customer can wait to pay for purchases without being charged interest	Correct! The grace period for most cards is about a month, giving the customer time to pay off each month's purchases before interest charges begin accruing.

<b>Global Incorrect Feedback</b>
The correct answer is: The number of days the customer can wait to pay for purchases without being charged interest. The grace period for most cards is about a month, giving the customer time to pay off each month's purchases before interest charges begin accruing.

### Question 19c of 25 ( 2 Credit 241495 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is a cash advance?

	Choice	Feedback
<b>A.</b>	A loan to purchase a used car	
<b>B.</b>	The payment on a life insurance policy	
<b>C.</b>	A coupon payment on a government bond	
<b>*D.</b>	The use of a credit card to take money from an ATM	Correct! Many credit cards can be used to take money from an ATM.

<b>Global Incorrect Feedback</b>
The correct answer is: The use of a credit card to take money from an ATM. Many credit cards can be used to take money from an ATM.

### Question 20a of 25 ( 2 Consumer protection 241496 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these protects customers who purchase defective products?

	Choice	Feedback
A.	A boycott	
B.	Mediation	
*C.	A warranty	Correct! A warranty is a good feature to look for because it ensures that the consumer gets what he or she is paying for.
D.	Shopper's insurance	

**Global Incorrect Feedback**

The correct answer is: A warranty. A warranty is a good feature to look for because it ensures that the consumer gets what he or she is paying for.

**Question 20b of 25** ( 2 Consumer protection 241497 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these can be used to protect consumers from unsafe products?

	Choice	Feedback
A.	Small-claims court	
*B.	A recall	Correct! A recall is an order to a company to remove a product from stores if the product is discovered to be dangerous.
C.	A warranty	
D.	A receipt	

**Global Incorrect Feedback**

The correct answer is: A recall. A recall is an order to a company to remove a product from stores if the product is discovered to be dangerous.

**Question 20c of 25** ( 2 Consumer protection 241498 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of the following does *not* protect consumers?

	Choice	Feedback
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A.	A recall	
*B.	A boycott	Correct! A boycott is a way for consumers to try to influence the behavior of companies.
C.	A warranty	
D.	Antitrust laws	

**Global Incorrect Feedback**

The correct answer is: A boycott. A boycott is a way for consumers to try to influence the behavior of companies.

**Question 21a of 25** ( 2 Brand name 241499 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What's the difference between a brand-name and a generic product?

	Choice	Feedback
A.	The quality of the product	
B.	The side effects of the product	
*C.	The company that sells the product	Correct! Brand-name and generic products are very similar and sometimes identical except for the seller and the label.
D.	The social responsibility of the maker	

**Global Incorrect Feedback**

The correct answer is: The company that sells the product. Brand-name and generic products are very similar and sometimes identical except for the seller and the label.

**Question 21b of 25** ( 2 Brand name 241500 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is most similar to a brand-name product?

	Choice	Feedback
*A.	A generic product	Correct! Brand-name and generic products are very similar and sometimes identical except for the seller and the



		label.
<b>B.</b>	An inferior good	
<b>C.</b>	A substitute brand	
<b>D.</b>	A normal good	

**Global Incorrect Feedback**

The correct answer is: A generic product. Brand-name and generic products are very similar and sometimes identical except for the seller and the label.

**Question 21c of 25** ( 2 Brand name 241501 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is most similar to a generic good?

	Choice	Feedback
<b>A.</b>	A substitute	
<b>*B.</b>	A brand-name good	Correct! Brand-name and generic products are very similar and sometimes identical except for the seller and the label.
<b>C.</b>	A normal good	
<b>D.</b>	An inferior good	

**Global Incorrect Feedback**

The correct answer is: A brand-name good. Brand-name and generic products are very similar and sometimes identical except for the seller and the label.

**Question 22a of 25** ( 1 Social responsibility 241502 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the primary concerns of socially responsible consumers?

	Choice	Feedback
<b>A.</b>	Low price	
<b>B.</b>	Socialism	

*C.	Sustainability	Correct! Socially responsible consumers want to support companies that use sustainable and low-impact production methods.
D.	Customer service	

**Global Incorrect Feedback**

The correct answer is: Sustainability. Socially responsible consumers want to support companies that use sustainable and low-impact production methods.

**Question 22b of 25** ( 1 Social responsibility 241503 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these would a socially responsible company use?

	Choice	Feedback
A.	Product marketing	
B.	Tariff protections	
C.	Mediation services	
*D.	Renewable resources	Correct! Socially responsible companies use sustainable and low-impact production methods.

**Global Incorrect Feedback**

The correct answer is: Renewable resources. Socially responsible companies use sustainable and low-impact production methods.

**Question 22c of 25** ( 1 Social responsibility 241504 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A socially responsible consumer might boycott a company that uses what?

	Choice	Feedback
*A.	Child labor	Correct! Socially responsible consumers oppose companies that exploit their workers, including those that use child laborers.

B.	The assembly line	
C.	Tariffs	
D.	Sustainable production methods	

**Global Incorrect Feedback**

The correct answer is: Child labor. Socially responsible consumers oppose companies that exploit their workers, including those that use child laborers.

**Question 23a of 25** ( 2 Social responsibility 241505 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why might a letter-writing campaign get a company to change its business practices?

	Choice	Feedback
A.	The company could end up spending a lot of money answering all of the letters.	
B.	The government wants to keep both consumers and companies from burdening the postal system.	
C.	Consumers use letter-writing campaigns to get the government to pass favorable legislation.	
*D.	The company might fear that the letter-writing campaign will become a boycott if it doesn't respond.	Correct! Letter-writing campaigns contain a veiled threat that nonresponsiveness could result in a boycott.

**Global Incorrect Feedback**

The correct answer is: The company might fear that the letter-writing campaign will become a boycott if it doesn't respond. Letter-writing campaigns contain a veiled threat that nonresponsiveness could result in a boycott.

**Question 23b of 25** ( 2 Social responsibility 241506 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why might a company respond to a letter-writing campaign launched by a group of concerned consumers?

	Choice	Feedback
--	--------	----------

A.	The letters demonstrate the moral wrongness of the company's actions.	
*B.	The letters contain a veiled threat that economic pressure could follow.	Correct! Letter-writing campaigns often precede a boycott and warn the company that it needs to change in order to avoid a boycott.
C.	The company could end up spending a lot of money answering all of the letters.	
D.	The company might want to prevent the consumer group from lobbying the government.	

**Global Incorrect Feedback**

The correct answer is: The letters contain a veiled threat that economic pressure could follow. Letter-writing campaigns often precede a boycott and warn the company that it needs to change in order to avoid a boycott.

**Question 23c of 25** ( 2 Social responsibility 241507 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is the purpose of a letter-writing campaign conducted by a group of consumers?

	Choice	Feedback
*A.	To get a company to change its business practices voluntarily	Correct! A letter-writing campaign is a less intrusive method than a boycott or lobbying to get a company to change its ways.
B.	To force a company to comply with government regulations	
C.	To inspire politicians to pass consumer-protection regulations	
D.	To organize and publicize a boycott against a company	

**Global Incorrect Feedback**

The correct answer is: To get a company to change its business practices voluntarily. A letter-writing campaign is a less intrusive method than a boycott or lobbying to get a company to change its ways.

### Question 24a of 25 ( 3 Social responsibility 241508 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A boycott would *not* be successful under what circumstance?

	Choice	Feedback
A.	The company spent a lot of money lobbying the government.	
B.	The government decided to make the company's practices illegal.	
C.	Many of the company's executives quit because of economic pressure.	
*D.	Most consumers didn't stay away from the company.	Correct! Unless enough consumers share the goals of the boycotters strongly enough to participate, the boycott probably won't hurt the company's profits enough to have an impact.

#### Global Incorrect Feedback

The correct answer is: Most consumers didn't stay away from the company. Unless enough consumers share the goals of the boycotters strongly enough to participate, the boycott probably won't hurt the company's profits enough to have an impact.

### Question 24b of 25 ( 3 Social responsibility 241509 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does it take for a consumer boycott to be successful?

	Choice	Feedback
*A.	The boycott must significantly reduce the target company's profits.	Correct! A boycott can bring economic pressure for change if it impacts a company's bottom line.
B.	The boycott must succeed in replacing traditional sales with online sales.	
C.	The boycott must be conducted by consumers, producers, and the government.	
D.	The boycott must bring the target company's offensive practices to the attention of the news media.	

#### Global Incorrect Feedback

The correct answer is: The boycott must significantly reduce the target company's profits. A boycott can bring economic pressure for change if it impacts a company's bottom line.

### Question 24c of 25 ( 3 Social responsibility 241510 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Participating in a boycott often involves a sacrifice because the boycotters end up doing what?

	Choice	Feedback
A.	Going to jail	
*B.	Paying higher prices	Correct! Boycotters commit themselves to avoiding a certain company, usually a company with low prices.
C.	Having their wages reduced	
D.	Losing their re-election campaigns	

#### Global Incorrect Feedback

The correct answer is: Paying higher prices. Boycotters commit themselves to avoiding a certain company, usually a company with low prices.

### Question 25a of 25 ( 2 Social responsibility 241511 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How can consumers get the government to pass laws preventing companies from engaging in offensive behaviors?

	Choice	Feedback
A.	By striking	
*B.	By lobbying	Correct! Citizens can use their power as voters to get the government to pass laws regulating the behavior of companies.
C.	By boycotting	
D.	By sanctioning	

#### Global Incorrect Feedback

The correct answer is: By lobbying. Citizens can use their power as voters to get the government to pass laws regulating the behavior of companies.

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**Question 25b of 25** ( 2 Social responsibility 241513 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these might result in the government passing a law preventing companies from engaging in unfair or offensive business practices?

	Choice	Feedback
A.	Striking	
*B.	Lobbying	Correct! Citizens can use their power as voters to get the government to pass laws regulating the behavior of companies.
C.	Producing	
D.	Boycotting	

**Global Incorrect Feedback**

The correct answer is: Lobbying. Citizens can use their power as voters to get the government to pass laws regulating the behavior of companies.

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**Question 25c of 25** ( 2 Social responsibility 241514 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why do consumers have influence over politicians?

	Choice	Feedback
A.	Consumers are able to boycott politicians' fund-raising events.	
*B.	Politicians rely on the votes of consumers to keep them in office.	Correct! Voters who rally a lot of other supporters can often get their representatives to promote their cause.
C.	Corporations use profits from consumers to lobby the government.	
D.	Taxpayers can refuse to pay their taxes if they disagree with the government.	

**Global Incorrect Feedback**

The correct answer is: Politicians rely on the votes of consumers to keep them in office. Voters who rally a lot of other supporters can often get their representatives to promote their cause.

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PREVIEW

CLOSE

Exam: U.S. and Global Economics

**Question 1a of 30** ( 1 The game of economics 242917 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Economic decisions involve doing what with resources to produce goods and services for people to consume?

	Choice	Feedback
*A.	Allocating	Correct! Allocation decisions involve setting aside resources for a particular use.
B.	Marginalizing	
C.	Renewing	
D.	Satisfying	

**Global Incorrect Feedback**

The correct answer is: Allocating. Allocation decisions involve setting aside resources for a particular use.

**Question 1b of 30** ( 1 The game of economics 242918 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Economics is about the production of goods and services, which requires the allocation of what?

	Choice	Feedback
A.	Benefits	
B.	Consumption	
*C.	Resources	Correct! Allocation decisions involve setting aside resources for a particular use.
D.	Utility	

**Global Incorrect Feedback**

The correct answer is: Resources. Allocation decisions involve setting aside resources for a particular use.

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**Question 1c of 30** ( 1 The game of economics 242919 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In an economic system, decisions need to be made about productive resources and which of the following?

	Choice	Feedback
<b>*A.</b>	Allocation	Correct! Allocation decisions involve setting aside resources for a particular use.
<b>B.</b>	Growth	
<b>C.</b>	Protection	
<b>D.</b>	Sustainability	

**Global Incorrect Feedback**

The correct answer is: Allocation. Allocation decisions involve setting aside resources for a particular use.

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**Question 2a of 30** ( 3 The game of economics 242920 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these government policies pursues the economic goal of equity?

	Choice	Feedback
<b>A.</b>	Protecting consumers from fraud	
<b>*B.</b>	Providing welfare benefits	Correct! Welfare benefits distribute financial resources more evenly throughout society.
<b>C.</b>	Preventing monopolies	
<b>D.</b>	Ending a recession	

**Global Incorrect Feedback**

The correct answer is: Providing welfare benefits. Welfare benefits distribute financial resources more evenly throughout society.

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**Question 2b of 30** ( 3 The game of economics 242921 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these government policies pursues the economic goal of growth?

	Choice	Feedback
A.	Keeping taxes low	
*B.	Increasing the money supply	Correct! A bigger money supply makes a greater amount of economic activity possible.
C.	Borrowing money using bonds	
D.	Protecting consumers from fraud	

**Global Incorrect Feedback**

The correct answer is: Increasing the money supply. A bigger money supply makes a greater amount of economic activity possible.

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**Question 2c of 30** ( 3 The game of economics 242922 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these government policies pursues the economic goal of freedom?

	Choice	Feedback
A.	Ending a recession	
B.	Avoiding a budget deficit	
C.	Increasing the money supply	
*D.	Protecting consumers from fraud	Correct! Choices are only free if they're made with full and accurate information.

**Global Incorrect Feedback**

The correct answer is: Protecting consumers from fraud. Choices are only free if they're made with full and accurate information.

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**Question 3a of 30** ( 2 The game of economics 242923 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** What is the purpose of a free-market system?

	Choice	Feedback
A.	To protect the conditions that enable specialization	
B.	To stimulate the growth of the gross domestic product	
C.	To raise the standard of living for everyone in the country	
*D.	To allow consumers and producers to make their own decisions	Correct! The free-market system leaves economic decisions up to the free choices of consumers and producers.

**Global Incorrect Feedback**

The correct answer is: To allow consumers and producers to make their own decisions. The free-market system leaves economic decisions up to the free choices of consumers and producers.

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**Question 3b of 30** ( 2 The game of economics 242924 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these is one of the principles of a free-market system?

	Choice	Feedback
A.	The gross domestic product must be as large as possible.	
*B.	The government must prevent consumers from being coerced.	Correct! A coerced choice is not a free choice.
C.	Productive resources must be protected against overexploitation.	
D.	Public goods must be provided to secure a high standard of living.	

**Global Incorrect Feedback**

The correct answer is: The government must prevent consumers from being coerced. A coerced choice is not a free choice.

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**Question 3c of 30** ( 2 The game of economics 242925 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

Maximum Score: 2

Question: Which of these is required to have a free-market system?

	Choice	Feedback
*A.	Laws against theft, fraud, and coercion	Correct! In order to have free choice, people must have their property and persons protected and have access to accurate information.
B.	Government provision of public goods	
C.	Tight control over the money supply	
D.	Sustainable development	

**Global Incorrect Feedback**

The correct answer is: Laws against theft, fraud, and coercion. In order to have free choice, people must have their property and persons protected and have access to accurate information.

---

**Question 4a of 30** ( 2 The game of economics 242926 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why do economists measure the gross domestic product?

	Choice	Feedback
*A.	To see how much economic activity there is in a particular country	Correct! The GDP is the total of all goods and services produced in an economy.
B.	To estimate how much the government must tax to avoid a budget deficit	
C.	To enable the Fed to decide whether to increase or decrease the money supply	
D.	To determine whether consumers and producers are making free choices	

**Global Incorrect Feedback**

The correct answer is: To see how much economic activity there is in a particular country. The GDP is the total of all goods and services produced in an economy.

---

**Question 4b of 30** ( 2 The game of economics 242927 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What does the inflation rate indicate?

	Choice	Feedback
A.	How far in debt the government is	
B.	How much the minimum wage has increased	
*C.	How quickly prices are rising	Correct! Inflation is a measurement of price increases over time.
D.	How much interest is being charged on mortgages	

**Global Incorrect Feedback**

The correct answer is: How quickly prices are rising. Inflation is a measurement of price increases over time.

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**Question 4c of 30** ( 2 The game of economics 242928 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these economic indicators is most likely to be high during a recession?

	Choice	Feedback
A.	Retail sales	
B.	Gross domestic product	
*C.	Unemployment rate	Correct! A recession is characterized by inflation, high unemployment, and slow growth of GDP.
D.	Per capita personal income	

**Global Incorrect Feedback**

The correct answer is: Unemployment rate. A recession is characterized by inflation, high unemployment, and slow growth of GDP.

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**Question 5a of 30** ( 3 The game of economics 242929 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: How does the assembly line benefit the economy?

	Choice	Feedback
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<b>A.</b>	It enables low taxation.	
<b>B.</b>	It provides maximum utility.	
<b>C.</b>	It keeps distribution costs low.	
<b>*D.</b>	It increases productivity.	Correct! The assembly line cuts down on wasted motion and enables workers to learn their tasks better.

**Global Incorrect Feedback**

The correct answer is: It increases productivity. The assembly line cuts down on wasted motion and enables workers to learn their tasks better.

**Question 5b of 30** ( 3 The game of economics 242930 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** How does use of cargo containers benefit the economy?

	Choice	Feedback
<b>A.</b>	By decreasing pollution	
<b>*B.</b>	By keeping distribution costs low	Correct! Since the advent of containerized cargo shipping methods, distribution costs for goods have plummeted to around 1% of the retail price.
<b>C.</b>	By preventing protective tariffs	
<b>D.</b>	By generating renewable energy	

**Global Incorrect Feedback**

The correct answer is: By keeping distribution costs low. Since the advent of containerized cargo shipping methods, distribution costs for goods have plummeted to around 1% of the retail price.

**Question 5c of 30** ( 3 The game of economics 242931 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** How has the Internet benefited the economy?

	Choice	Feedback
<b>A.</b>	By making it difficult for repressive governments to censor their citizens	

B.	By lowering overhead costs for retailers and driving prices to all-time lows	
C.	By providing the government with a more efficient means of collecting taxes	
*D.	By improving communication and allowing greater trade and specialization	Correct! Better communication makes it easier for businesses to diversify and do business around the world.

**Global Incorrect Feedback**

The correct answer is: By improving communication and allowing greater trade and specialization. Better communication makes it easier for businesses to diversify and do business around the world.

**Question 6a of 30** ( 2 The game of economics 242932 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In a free-market system, consumers let producers know what they want to buy and how much they're willing to pay through what?

	Choice	Feedback
A.	Boycotts	
B.	Their credit reports	
C.	Collective bargaining	
*D.	Their purchases	Correct! Producers pay attention to consumer behavior in order to profit more from that behavior.

**Global Incorrect Feedback**

The correct answer is: Their purchases. Producers pay attention to consumer behavior in order to profit more from that behavior.

**Question 6b of 30** ( 2 The game of economics 242933 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In order to know what people want to buy and how much they're willing to pay, producers pay attention to what?

	Choice	Feedback
--	--------	----------



A.	The size of the money supply	
B.	Interest rates set by the Fed	
*C.	Consumers' purchases	Correct! Producers pay attention to consumer behavior in order to profit more from that behavior.
D.	Economic indicators	

**Global Incorrect Feedback**

The correct answer is: Consumers' purchases. Producers pay attention to consumer behavior in order to profit more from that behavior.

**Question 6c of 30** ( 2 The game of economics 242934 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Producers use market research in order to do what?

	Choice	Feedback
*A.	Find out what consumers want to buy	Correct! Producers pay attention to consumer behavior in order to profit more from that behavior.
B.	Drive other companies out of business	
C.	Make better investment decisions	
D.	Keep the costs of production low	

**Global Incorrect Feedback**

The correct answer is: Find out what consumers want to buy. Producers pay attention to consumer behavior in order to profit more from that behavior.

**Question 7a of 30** ( 1 The game of economics 242935 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Utility is a measure of what?

	Choice	Feedback
A.	Value	
B.	Money	

C.	Usefulness	
*D.	Satisfaction	Correct! Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.

**Global Incorrect Feedback**

The correct answer is: Satisfaction. Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.

**Question 7b of 30** ( 1 The game of economics 242936 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The satisfaction that consumers get from their purchases is known as what?

	Choice	Feedback
*A.	Utility	Correct! Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.
B.	Marginalism	
C.	Subjectivity	
D.	Materialism	

**Global Incorrect Feedback**

The correct answer is: Utility. Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.

**Question 7c of 30** ( 1 The game of economics 242937 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Consumers use cost-benefit analysis in order to maximize what?

	Choice	Feedback
A.	Productivity	
B.	Rationality	

*C.	Utility	Correct! Cost-benefit analysis helps consumers get the greatest satisfaction out of their decisions.
D.	Value	

**Global Incorrect Feedback**

The correct answer is: Utility. Cost-benefit analysis helps consumers get the greatest satisfaction out of their decisions.

**Question 8a of 30** ( 2 The game of economics 242938 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The purpose of advertising is to do what?

	Choice	Feedback
A.	Keep prices low	
B.	Create a monopoly	
*C.	Influence consumer behavior	Correct! Advertisers hope to get consumers to buy more of their products.
D.	Conduct market research	

**Global Incorrect Feedback**

The correct answer is: Influence consumer behavior. Advertisers hope to get consumers to buy more of their products.

**Question 8b of 30** ( 2 The game of economics 242939 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A consumer who is reluctant to take chances has a high level of what?

	Choice	Feedback
A.	Income	
B.	Profitability	
*C.	Risk aversion	Correct! Risk aversion is a person's level of discomfort with insecurity and uncertainty.
D.	Marginal utility	

**Global Incorrect Feedback**

The correct answer is: Risk aversion. Risk aversion is a person's level of discomfort with insecurity and uncertainty.

**Question 8c of 30** ( 2 The game of economics 242940 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

**Question:** The non-monetary considerations that affect consumers' decisions are often based on what?

	Choice	Feedback
A.	Advertising	
*B.	Values and beliefs	Correct! Different consumers have different priorities that affect their economic decisions.
C.	Government planning	
D.	Decreasing marginal utility	

**Global Incorrect Feedback**

The correct answer is: Values and beliefs. Different consumers have different priorities that affect their economic decisions.

**Question 9a of 30** ( 3 The game of economics 242941 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

**Question:** Match each type of market structure with an example of an industry that fits that type of competition.

Choice Text	Correct Match	Match Text
A. Pure competition	C.	Fast food
B. Monopoly	B.	Cable television
C. Monopolistic competition	A.	Online auctioning
D. Oligopoly	D.	Airlines

Attempt	Incorrect Feedback
1st	

Correct Feedback

	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Pure competition: Online auctioning; Monopoly: Cable television; Monopolistic competition: Fast food; Oligopoly: Airlines.

### Question 9b of 30 ( 3 The game of economics 242942 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of market structure with its corresponding example.

Choice Text	Correct Match	Match Text
A. Pure competition	D.	Digital cameras
B. Monopoly	A.	Online auctioning
C. Monopolistic competition	C.	Video rental
D. Oligopoly	B.	Sewer service

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	
	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answers are: Pure competition: Online auctioning; Monopoly: Sewer service; Monopolistic competition: Video rental; Oligopoly: Digital cameras.

### Question 9c of 30 ( 3 The game of economics 242943 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of market structure with its corresponding example.

Choice Text	Correct Match	Match Text
A. Pure competition	C.	Fast food
B. Near monopoly	B.	Computer operating systems
C. Monopolistic competition	A.	Online auctioning

D. Oligopoly	D.	Automobiles
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<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Pure competition: Online auctioning; Near monopoly: Computer operating systems; Monopolistic competition: Fast food; Oligopoly: Automobiles.

**Question 10a of 30** ( 2 The game of economics 242944 )

**Maximum Attempts:** 1  
**Question Type:** Matching  
**Maximum Score:** 2  
**Question:** Match each type of business with one of its features.

Choice Text	Correct Match	Match Text
A. Sole proprietorship	C.	Board of directors
B. Partnership	B.	Limited liability
C. Public corporation	A.	Unlimited liability
D. Nonprofit corporation	D.	A goal to benefit its members

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Sole proprietorship: Unlimited liability; Partnership: Limited liability; Public corporation: Board of directors; Nonprofit corporation: A goal to benefit its members.

**Question 10b of 30** ( 2 The game of economics 242945 )

**Maximum Attempts:** 1  
**Question Type:** Matching  
**Maximum Score:** 2  
**Question:** Match each type of business with one of its features.

Choice Text	Correct Match	Match Text
A. Sole proprietorship	A.	Unlimited liability
B. General partnership	D.	Public regulation
C. Public corporation	C.	Stockholder control
D. Government corporation	B.	Collective decision making

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Sole proprietorship: Unlimited liability; General partnership: Collective decision making; Public corporation: Stockholder control; Government corporation: Public regulation.

### Question 10c of 30 ( 2 The game of economics 242946 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of business with one of its features.

Choice Text	Correct Match	Match Text
A. Sole proprietorship	C.	Profits paid out as dividends
B. Partnership	B.	Sharing of profits
C. Corporation	D.	No profits made
D. Government corporation	A.	All profits retained

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Sole proprietorship: All profits retained; Partnership: Sharing of profits; Corporation: Profits paid out as dividends; Government corporation: No profits made.

### Question 11a of 30 ( 3 The game of economics 242947 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: According to the law of supply and demand, when supply increases what else happens?

	Choice	Feedback
A.	Demand will decrease.	
B.	Productivity will decrease.	
C.	Quantity supplied will decrease.	
*D.	Prices will decrease.	Correct! An increase in supply means consumers don't have to compete with each other as much, which drives down the price they're willing to pay.

#### Global Incorrect Feedback

The correct answer is: Prices will decrease. An increase in supply means consumers don't have to compete with each other as much, which drives down the price they're willing to pay.

### Question 11b of 30 ( 3 The game of economics 242948 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is most likely to lead to a decrease in the price of a good?

	Choice	Feedback
*A.	Demand decreases and supply remains the same.	Correct! A decrease in demand for a fixed supply means consumers don't have to compete with each other as much, which drives down the price they're willing to pay.
B.	Demand increases and supply decreases.	
C.	Demand increases as fast as supply increases.	
D.	Demand decreases and supply decreases the same amount.	

#### Global Incorrect Feedback

The correct answer is: Demand decreases and supply remains the same. A decrease in demand for a fixed supply means consumers don't have



to compete with each other as much, which drives down the price they're willing to pay.

**Question 11c of 30** ( 3 The game of economics 242949 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What happens when demand for a good increases but its supply decreases?

	Choice	Feedback
A.	The level of profit increases.	
*B.	The price for the good increases.	Correct! An increase in demand and decrease in supply means consumers must compete with each other more, which drives up the price they're willing to pay to get a particular good or service.
C.	Government rationing takes place.	
D.	Competition among producers decreases.	

**Global Incorrect Feedback**

The correct answer is: The price for the good increases. An increase in demand and decrease in supply means consumers must compete with each other more, which drives up the price they're willing to pay to get a particular good or service.

**Question 12a of 30** ( 3 The game of economics 242950 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the terms below with an example that fits the term.

Choice Text	Correct Match	Match Text
A. Fungibility	C.	The provision of a public good
B. Elasticity	B.	The demand for jewelry
C. Non-excludability	D.	The switch from white bread to wheat bread
D. Substitution	A.	The production of potatoes

Attempt	Incorrect Feedback
1st	

	<b>Correct Feedback</b>
	Correct!
	<b>Global Incorrect Feedback</b>
	The correct answer is: Fungibility: The production of potatoes; Elasticity: The demand for jewelry; Non-excludability: The provision of a public good; Substitution: The switch from white bread to wheat bread.

### Question 12b of 30 ( 3 The game of economics 242951 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the terms below with an example that fits the term.

Choice Text	Correct Match	Match Text
A. Fungibility	A.	The production of gasoline
B. Inelasticity	D.	The switch from coffee to tea
C. Non-excludability	C.	The provision of national defense
D. Substitution	B.	The demand for cigarettes

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Fungibility: The production of gasoline; Inelasticity: The demand for cigarettes; Non-excludability: The provision of national defense; Substitution: The switch from coffee to tea.

### Question 12c of 30 ( 3 The game of economics 242952 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each of the terms below with an example that fits the term.

Choice Text	Correct Match	Match Text
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A. Fungibility	A.	Production of rice
B. Inelasticity	B.	Demand for food and shelter
C. Non-excludability	C.	Environmental protection
D. Substitution	D.	Switching from butter to margarine

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Fungibility: Production of rice; Inelasticity: Demand for food and shelter; Non-excludability: Environmental protection; Substitution: Switching from butter to margarine.

### Question 13a of 30 ( 2 The game of economics 242953 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is most likely to lead to an increase in wages?

	Choice	Feedback
A.	Outsourcing and offshoring	
B.	The use of an assembly line	
*C.	The formation of a labor union	Correct! Labor unions give workers greater bargaining power because they all stand together against the employer when negotiating wages.
D.	A government with a budget surplus	

Global Incorrect Feedback
The correct answer is: The formation of a labor union. Labor unions give workers greater bargaining power because they all stand together against the employer when negotiating wages.

### Question 13b of 30 ( 2 The game of economics 242954 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is likely to happen if the size of the labor pool suddenly increases?

	Choice	Feedback
A.	Prices will go up.	
B.	Profits will decrease.	
C.	The minimum wage will rise.	
*D.	Wages will go down.	Correct! The labor market follows the law of supply and demand, so an increase in supply leads to a decrease in price as employers do not have to compete as fiercely for workers.

**Global Incorrect Feedback**

The correct answer is: Wages will go down. The labor market follows the law of supply and demand, so an increase in supply leads to a decrease in price as employers do not have to compete as fiercely for workers.

---

**Question 13c of 30** ( 2 The game of economics 242955 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A high level of what is most likely to lead to a higher wage?

	Choice	Feedback
*A.	Education	Correct! Education makes a worker a rarer commodity, and rare commodities have higher prices.
B.	Immigration	
C.	Market concentration	
D.	Government regulation	

**Global Incorrect Feedback**

The correct answer is: Education. Education makes a worker a rarer commodity, and rare commodities have higher prices.

---

**Question 14a of 30** ( 1 The game of economics 242956 )

Maximum Attempts: 1

Question Type: Ordering

Maximum Score: 2

**Question:** Put the phases of the business cycle in the correct order in which they follow a depression.

**Correct Answer:**

1. Recovery
2. Boom
3. Recession
4. Depression

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! A depression ends with recovery, which becomes a boom and then a recession and depression again.

	Global Incorrect Feedback
	The correct answer is: Recovery, Boom, Recession, and Depression.

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### Question 14b of 30 ( 1 The game of economics 242957 )

**Maximum Attempts:** 1

**Question Type:** Ordering

**Maximum Score:** 2

**Question:** Put the phases of the business cycle in the correct order in which they follow a recession.

**Correct Answer:**

1. Depression
2. Recovery
3. Boom
4. Recession

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! A recession can turn into a depression, which ends with recovery that becomes a boom and then a recession again.

	Global Incorrect Feedback
	The correct answer is: Depression, Recovery, Boom, and Recession.

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### Question 14c of 30 ( 1 The game of economics 242958 )

Maximum Attempts: 1

Question Type: Ordering

Maximum Score: 2

Question: Put the phases of the business cycle in the correct order in which they follow a boom.

Correct Answer:

1. Recession
2. Depression
3. Recovery
4. Boom

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct! A boom ends with a recession, which can turn into a depression that only ends with recovery that becomes a boom again.

	Global Incorrect Feedback
	The correct answer is: Recession, Depression, Recovery, and Boom.

---

### Question 15a of 30 ( 2 The game of economics 242959 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is a fractional reserve banking system necessary?

	Choice	Feedback
A.	To enable the government to charge lower taxes	
B.	To provide the regulation of the global economy	
*C.	To enable banks to loan out money to make a profit	Correct! With a full reserve banking system, banks couldn't make loans and would have no way of making money other than by charging fees.
D.	To prevent the money supply from growing too quickly	

Global Incorrect Feedback

The correct answer is: To enable banks to loan out money to make a profit. With a full reserve banking system, banks couldn't make loans and would have no way of making money other than by charging fees.

**Question 15b of 30** ( 2 The game of economics 242960 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of the required reserve ratio?

	Choice	Feedback
A.	To keep central banks from having too much influence over currency exchange rates	
B.	To provide government planners with accurate information about economic indicators	
*C.	To make sure banks have enough money on hand to meet customers' withdrawal requests	Correct! The required reserve ratio protects banks against bank runs.
D.	To prevent the government from getting so far into debt that the economy is weakened	

**Global Incorrect Feedback**

The correct answer is: To make sure banks have enough money on hand to meet customers' withdrawal requests. The required reserve ratio protects banks against bank runs.

**Question 15c of 30** ( 2 The game of economics 242961 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Under a fractional reserve banking system, the amount of money loaned out can only increase if what happens?

	Choice	Feedback
A.	Taxes are reduced.	
B.	The money supply increases.	
C.	There are more government bonds for sale.	
*D.	The required reserve ratio is lowered.	Correct! When the required reserve ratio goes down, banks are legally allowed to tap into their reserves to make more loans.

**Global Incorrect Feedback**

The correct answer is: The required reserve ratio is lowered. When the required reserve ratio goes down, banks are legally allowed to tap into their reserves to make more loans.

**Question 16a of 30** ( 2 The game of economics 242962 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which is *not* a policy tool used by the Fed?

	Choice	Feedback
A.	Setting the discount rate	
B.	Buying and selling bonds	
*C.	Making tax cuts	Correct! Congress, not the Fed, sets tax policy in the United States.
D.	Setting the required reserve ratio	

**Global Incorrect Feedback**

The correct answer is: Making tax cuts. Congress, not the Fed, sets tax policy in the United States.

**Question 16b of 30** ( 2 The game of economics 242963 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is *not* a way that the Fed can generate an increase in the money supply?

	Choice	Feedback
A.	Buying bonds	
B.	Lowering the discount rate	
C.	Reducing the required reserve ratio	
*D.	Cutting taxes	Correct! Congress, not the Fed, sets tax policy in the United States.

**Global Incorrect Feedback**

The correct answer is: Cutting taxes. Congress, not the Fed, sets tax policy in the United States.



### Question 16c of 30 ( 2 The game of economics 242964 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is the Fed *not* able to do?

	Choice	Feedback
*A.	Prevent a budget deficit	Correct! Congress, not the Fed, determines the budget of the federal government.
B.	Regulate private banks	
C.	Sell government bonds	
D.	Increase the money supply	

#### Global Incorrect Feedback

The correct answer is: Prevent a budget deficit. Congress, not the Fed, determines the budget of the federal government.

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### Question 17a of 30 ( 3 The game of economics 242965 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is most likely to lead to an increase in the price of a company's stock?

	Choice	Feedback
A.	Its dividends are reduced.	
B.	Its outstanding shares are sold.	
*C.	Its profits increase.	Correct! When a company is more profitable, its stock is in higher demand, and higher demand means a higher price.
D.	Its market capitalization declines.	

#### Global Incorrect Feedback

The correct answer is: Its profits increase. When a company is more profitable, its stock is in higher demand, and higher demand means a higher price.

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### Question 17b of 30 ( 3 The game of economics 242966 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is most likely to push the price of a company's stock higher?

	Choice	Feedback
*A.	An increase in demand for the company's stock	Correct! Stocks, like other goods, follow the law of supply and demand, so an increase in demand leads to higher prices.
B.	An increase in demand for the company's products	
C.	An increase in the exchange rate for the U.S. dollar	
D.	An increase in tariffs paid by the company's competitors	

**Global Incorrect Feedback**

The correct answer is: An increase in demand for the company's stock. Stocks, like other goods, follow the law of supply and demand, so an increase in demand leads to higher prices.

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**Question 17c of 30** ( 3 The game of economics 242967 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these is most likely to lead to a decrease in the price of a company's stock?

	Choice	Feedback
*A.	Its annual profits decrease.	Correct! When a company is less profitable, there's less demand for its stock, and lower demand means a lower price.
B.	Its outstanding shares are sold.	
C.	Its suppliers decrease their prices.	
D.	Its competitors go out of business.	

**Global Incorrect Feedback**

The correct answer is: Its annual profits decrease. When a company is less profitable, there's less demand for its stock, and lower demand means a lower price.

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**Question 18a of 30** ( 2 The game of economics 242968 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is it possible to make money in the currency exchange market?

	Choice	Feedback
A.	Inflation always drives up the value of money.	
B.	Governments always buy their own currencies.	
*C.	Exchange rates are always fluctuating.	Correct! With fluctuating exchange rates, currency speculators can buy low and sell high to make a profit.
D.	Some currencies are minted with precious metals.	

**Global Incorrect Feedback**

The correct answer is: Exchange rates are always fluctuating. With fluctuating exchange rates, currency speculators can buy low and sell high to make a profit.

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**Question 18b of 30** ( 2 The game of economics 242969 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Buying a bond is similar to which of the following?

	Choice	Feedback
A.	Paying a dividend	
*B.	Giving a loan	Correct! A bond issuer gives a bond buyer a promise of repayment at a later date just as a borrower promises a bank to pay back a loan.
C.	Getting a mortgage	
D.	Going into credit card debt	

**Global Incorrect Feedback**

The correct answer is: Giving a loan. A bond issuer gives a bond buyer a promise of repayment at a later date just as a borrower promises a bank to pay back a loan.

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**Question 18c of 30** ( 2 The game of economics 242970 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What kind of goods are sold in the commodity market?

	Choice	Feedback
A.	Normal	
B.	Monetary	
C.	Substitution	
*D.	Unprocessed	Correct! Commodities are raw, unprocessed goods that are used in the production of other goods.

**Global Incorrect Feedback**

The correct answer is: Unprocessed.  
Commodities are raw, unprocessed goods that are used in the production of other goods.

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**Question 19a of 30** ( 2 The game of economics 242971 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When a company goes public, it begins doing what?

	Choice	Feedback
A.	Issuing government bonds	
B.	Offering new products for sale	
C.	Paying corporate income taxes	
*D.	Selling shares of stock	Correct! An initial public offering (IPO) is when a private company becomes a public one.

**Global Incorrect Feedback**

The correct answer is: Selling shares of stock.  
An initial public offering (IPO) is when a private company becomes a public one.

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**Question 19b of 30** ( 2 The game of economics 242972 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** An initial public offering (IPO) is when a company does what?

	Choice	Feedback
A.	Enters into a new partnership	
B.	Offers a new line of products	
*C.	Begins selling stock to the public	Correct! An initial public offering (IPO) is when a private company becomes a public one.
D.	Gets taken over by the government	

**Global Incorrect Feedback**

The correct answer is: Begins selling stock to the public. An initial public offering (IPO) is when a private company becomes a public one.

**Question 19c of 30** ( 2 The game of economics 242973 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The purpose of an initial public offering (IPO) is to do what?

	Choice	Feedback
A.	Get unlimited liability	
B.	Break into a monopoly market	
C.	Comply with government regulations	
*D.	Raise money	Correct! A company can raise money by selling shares of ownership in itself.

**Global Incorrect Feedback**

The correct answer is: Raise money. A company can raise money by selling shares of ownership in itself.

**Question 20a of 30** ( 3 The game of economics 242974 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Capital gains tax	B.	9% tax on all sales
B. Consumption tax	D.	10% tax on gambling winnings
C. Excise tax	C.	\$0.30 tax on a gallon gasoline

D. Sin tax	A.	15% on profits from stock sales
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<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Capital gains tax: 15% on profits from stock sales; Consumption tax: 9% tax on all sales; Excise tax: \$0.30 tax on a gallon gasoline; Sin tax: 10% tax on gambling winnings.

### Question 20b of 30 ( 3 The game of economics 242975 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Capital gains tax	A.	10% on profits from the sale of a house
B. Consumption tax	D.	15% tax to pay for Social Security
C. Excise tax	C.	\$5 tax on a cable television line
D. Payroll tax	B.	6% tax on all sales

<b>Attempt</b>	<b>Incorrect Feedback</b>
1st	

	<b>Correct Feedback</b>
	Correct!

	<b>Global Incorrect Feedback</b>
	The correct answers are: Capital gains tax: 10% on profits from the sale of a house; Consumption tax: 6% tax on all sales; Excise tax: \$5 tax on a cable television line; Payroll tax: 15% tax to pay for Social Security.

### Question 20c of 30 ( 3 The game of economics 242976 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tax with an example of its use.

Choice Text	Correct Match	Match Text
A. Consumption tax	D.	10% tax on gambling winnings
B. Income tax	B.	20% tax on wages earned
C. Excise tax	C.	\$0.30 tax on a gallon gasoline
D. Sin tax	A.	9% tax on the sale of luxuries

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Consumption tax: 9% tax on the sale of luxuries; Income tax: 20% tax on wages earned; Excise tax: \$0.30 tax on a gallon gasoline; Sin tax: 10% tax on gambling winnings.

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### Question 21a of 30 ( 2 The game of economics 242977 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The government needs to provide public goods for what reason?

	Choice	Feedback
*A.	Private companies cannot profit by providing them.	Correct! The non-excludability of public goods makes it difficult to profit from them.
B.	They are necessary for raising the standard of living.	
C.	The government can reduce taxes by profiting from public goods.	
D.	Citizens demand government regulation to protect their freedom.	

Global Incorrect Feedback
The correct answer is: Private companies cannot profit by providing them. The non-excludability of public goods makes it difficult to profit from them.

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### Question 21b of 30 ( 2 The game of economics 242978 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why are private companies unlikely to provide public goods?

	Choice	Feedback
A.	Public goods are inferior goods that can never be sold for a very high price.	
B.	Private companies are prevented by the government from producing public goods.	
C.	The fungibility of public goods makes it easy for consumers to substitute merit goods.	
*D.	The non-excludability of public goods makes it difficult to profit from them.	Correct! Non-excludable goods have a free-rider problem that undercuts profits.

#### Global Incorrect Feedback

The correct answer is: The non-excludability of public goods makes it difficult to profit from them. Non-excludable goods have a free-rider problem that undercuts profits.

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### Question 21c of 30 ( 2 The game of economics 242979 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these prevents private companies from deciding to produce public goods?

	Choice	Feedback
A.	Government regulations	
B.	Protective tariffs	
C.	Decreasing marginal utility	
*D.	The profit motive	Correct! The non-excludability of public goods makes it difficult to profit from them.

#### Global Incorrect Feedback

The correct answer is: The profit motive. The non-excludability of public goods makes it difficult to profit from them.

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### Question 22a of 30 ( 1 The game of economics 242980 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these promotes greater efficiency and lower prices by protecting competition?

	Choice	Feedback
*A.	Antitrust laws	Correct! Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.
B.	Small-claims courts	
C.	Government contractors	
D.	Environmental-protection laws	

#### Global Incorrect Feedback

The correct answer is: Antitrust laws. Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.

### Question 22b of 30 ( 1 The game of economics 242981 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Antitrust laws promote greater efficiency and lower prices by protecting what?

	Choice	Feedback
A.	Workers	
B.	Consumers	
*C.	Competition	Correct! Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.
D.	Infant industries	

#### Global Incorrect Feedback

The correct answer is: Competition. Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.

**Question 22c of 30** ( 1 The game of economics 242982 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Antitrust laws protect competition and bring about lower what?

	Choice	Feedback
A.	Efficiency	
B.	Wages	
C.	Taxes	
*D.	Prices	Correct! Antitrust laws prevent market concentration to ensure that companies remain efficient and charge low prices in order to attract customers.

Global Incorrect Feedback
The correct answer is: Prices. Antitrust laws prevent market concentration to ensure that companies remain efficient and charge low prices in order to attract customers.

**Question 23a of 30** ( 3 The game of economics 242983 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each unfair business practice with an example of its use.

Choice Text	Correct Match	Match Text
A. Predatory pricing	C.	Local pizza delivery companies agree to charge \$20 for a large cheese pizza.
B. Making misleading statements	A.	A large auto maker charges a price below production cost in order to eliminate small competitors.
C. Price fixing	B.	A juice company falsely claims that its drinks reduce the incidence of heart attacks.

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Predatory pricing: A large auto maker charges a price below

	production cost in order to eliminate small competitors; Making misleading statements: A juice company falsely claims that its drinks reduce the incidence of heart attacks; Price fixing: Local pizza delivery companies agree to charge \$20 for a large cheese pizza.
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**Question 23b of 30** ( 3 The game of economics 242984 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each action with the unfair business practice it represents.

Choice Text	Correct Match	Match Text
A. Bid rigging	A.	A defense contractor gets its competitors to agree to enter low bids.
B. Production limitation	C.	Local coffee shops agree to charge \$3 for a cup of coffee.
C. Price fixing	B.	A group of oil companies agrees to reduce the amount of oil each member produces.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Bid rigging: A defense contractor gets its competitors to agree to enter low bids; Production limitation: A group of oil companies agrees to reduce the amount of oil each member produces; Price fixing: Local coffee shops agree to charge \$3 for a cup of coffee.

**Question 23c of 30** ( 3 The game of economics 242985 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of unfair business practice with its description.

Choice Text	Correct Match	Match Text
A. Vendor lock-in	C.	A large company charges a price below production cost in order to eliminate small competitors.

B. Price fixing	B.	A group of companies agrees that all of them will charge the same price.
C. Predatory pricing	A.	A company says that a wide range of products can be used with its product but this is not true.

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

	Global Incorrect Feedback
	The correct answers are: Vendor lock-in: A company says that a wide range of products can be used with its product but this is not true; Price fixing: A group of companies agrees that all of them will charge the same price; Predatory pricing: A large company charges a price below production cost in order to eliminate small competitors.

### Question 24a of 30 ( 2 The game of economics 242986 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Rationing is an attempt to limit shortages that naturally result from what?

	Choice	Feedback
A.	Boycott	
*B.	Price ceiling	Correct! Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.
C.	Trade embargo	
D.	Protective tariff	

Global Incorrect Feedback
The correct answer is: Price ceiling. Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.

### Question 24b of 30 ( 2 The game of economics 242987 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** In order to limit the shortages that naturally result from a price ceiling, the government can do what to certain goods?

	Choice	Feedback
A.	Tax	
B.	Produce	
*C.	Ration	Correct! Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.
D.	Subsidize	

**Global Incorrect Feedback**

The correct answer is: Ration. Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.

**Question 24c of 30** ( 2 The game of economics 242988 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** The government sets a price floor in order to protect what?

	Choice	Feedback
A.	Domestic workers	
*B.	A vulnerable industry	Correct! By guaranteeing a certain minimum price, a price floor makes sure that companies that might not be profitable are able to survive.
C.	International trade	
D.	Low-income consumers	

**Global Incorrect Feedback**

The correct answer is: A vulnerable industry. By guaranteeing a certain minimum price, a price floor makes sure that companies that might not be profitable are able to survive.

**Question 25a of 30** ( 3 The game of economics 242989 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When does Country A have a comparative advantage over Country B in the production of televisions?

	Choice	Feedback
A.	Country A can produce televisions more cheaply.	
B.	Country B charges higher prices for its televisions.	
C.	Country B experiences decreasing marginal utility in its production of televisions.	
*D.	Country A has a lower opportunity cost for producing televisions.	Correct! Comparative advantage exists when there's no more efficient way of using your productive resources.

**Global Incorrect Feedback**

The correct answer is: Country A has a lower opportunity cost for producing televisions. Comparative advantage exists when there's no more efficient way of using your productive resources.

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**Question 25b of 30** ( 3 The game of economics 242990 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When does County X have a comparative advantage in the production of coffee?

	Choice	Feedback
A.	Country X allows coffee growers to pay very low wages to their workers.	
B.	Country X has a higher protective tariff on coffee than any other country.	
C.	Country X has the right climate and geography to grow a lot of coffee for export.	
*D.	Country X doesn't give up a more efficient form of production in order to grow coffee.	Correct! Comparative advantage exists when there's no more efficient way of using your productive resources.

**Global Incorrect Feedback**

The correct answer is: Country X doesn't give up a more efficient form of production in order to grow coffee. Comparative advantage exists when there's no more efficient way of using

your productive resources.

**Question 25c of 30** ( 3 The game of economics 242991 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** When does Country X have an absolute advantage over Country Y in the production of corn?

	Choice	Feedback
*A.	Country X can grow corn more cheaply than Country Y.	Correct! Absolute advantage exists when production is at its peak of efficiency.
B.	Country Y has high opportunity costs for growing corn.	
C.	The population of Country X consumes less corn than is grown.	
D.	The global demand for corn is higher than the supply from Country Y.	

**Global Incorrect Feedback**

The correct answer is: Country X can grow corn more cheaply than Country Y. Absolute advantage exists when production is at its peak of efficiency.

**Question 26a of 30** ( 1 The game of economics 242992 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Which of these results from the mobility of production that characterizes the current global economy?

	Choice	Feedback
*A.	Outsourcing	Correct! Companies can send jobs overseas when it's possible to move productive processes around the world more easily.
B.	Protectionism	
C.	Immigration	
D.	Terrorism	

**Global Incorrect Feedback**

The correct answer is: Outsourcing. Companies

can send jobs overseas when it's possible to move productive processes around the world more easily.

**Question 26b of 30** ( 1 The game of economics 242993 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Companies use offshoring in order to do what?

	Choice	Feedback
A.	Lobby the government	
B.	Increase market share	
*C.	Reduce labor costs	Correct! Offshoring manufacturing or service to low-cost countries helps companies keep their productive costs and prices down.
D.	Protect infant industries	

**Global Incorrect Feedback**

The correct answer is: Reduce labor costs. Offshoring manufacturing or service to low-cost countries helps companies keep their productive costs and prices down.

**Question 26c of 30** ( 1 The game of economics 242994 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Low wages in the underdeveloped world give U.S. companies an incentive to do what?

	Choice	Feedback
A.	Lobby	
B.	Boycott	
C.	Colonize	
*D.	Outsource	Correct! Companies can keep production costs and prices down by using cheaper labor.

**Global Incorrect Feedback**

The correct answer is: Outsource. Companies can keep production costs and prices down by



using cheaper labor.

### Question 27a of 30 ( 2 The game of economics 242995 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is renting an apartment usually cheaper than buying a house?

	Choice	Feedback
A.	Apartments are usually smaller than houses.	
B.	Leases have lower interest rates than mortgages.	
C.	Renting involves hidden costs like the security deposit.	
*D.	Buying a house is an investment that pays off in the long run.	Correct! Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.

#### Global Incorrect Feedback

The correct answer is: Buying a house is an investment that pays off in the long run. Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.

### Question 27b of 30 ( 2 The game of economics 242996 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is buying a house a better investment than renting an apartment?

	Choice	Feedback
*A.	Mortgage payments increase the homeowner's equity.	Correct! Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.
B.	Housing prices increase faster than rents.	
C.	Leases have higher interest than mortgages.	
D.	Houses are generally larger than apartments.	

#### Global Incorrect Feedback

The correct answer is: Mortgage payments

increase the homeowner's equity. Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.

**Question 27c of 30** ( 2 The game of economics 242997 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is a disadvantage of buying a house instead of renting?

	Choice	Feedback
A.	Homeowners have to get liability insurance.	
*B.	Homeowners must pay for all repairs themselves.	Correct! The landlord, not the renter, pays for repairs to an apartment.
C.	Homeowners are in a higher income tax bracket.	
D.	Homeowners are not allowed to move out when they want.	

**Global Incorrect Feedback**

The correct answer is: Homeowners must pay for all repairs themselves. The landlord, not the renter, pays for repairs to an apartment.

**Question 28a of 30** ( 3 The game of economics 242998 )

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of insurance with an example of what it would pay for.

Choice Text	Correct Match	Match Text
A. Auto insurance	C.	Funeral expenses
B. Renter's insurance	D.	A trip to the emergency room
C. Life insurance	A.	Repair on a car involved in an accident
D. Health insurance	B.	Replacement of a computer stolen from an apartment

Attempt	Incorrect Feedback
1st	

	Correct Feedback
	Correct!

Global Incorrect Feedback	
	The correct answers are: Auto insurance: Repair on a car involved in an accident; Renter's insurance: Replacement of a computer stolen from an apartment; Life insurance: Funeral expenses; Health insurance: A trip to the emergency room.

### Question 28b of 30 ( 3 The game of economics 242999 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of insurance with an example of when the insurance company would make a payment.

Choice Text	Correct Match	Match Text
A. Liability coverage	A.	You cause an accident that damages someone else's car.
B. Disability insurance	D.	You go to the emergency room after a car accident.
C. Renter's insurance	C.	Your stereo and computer are stolen from your apartment.
D. Health insurance	B.	You have to take a month off from work because of a broken leg.

Attempt	Incorrect Feedback
1st	

Correct Feedback	
	Correct!

Global Incorrect Feedback	
	The correct answers are: Liability coverage: You cause an accident that damages someone else's car; Disability insurance: You have to take a month off from work because of a broken leg; Renter's insurance: Your stereo and computer are stolen from your apartment; Health insurance: You go to the emergency room after a car accident.

### Question 28c of 30 ( 3 The game of economics 243000 )

**Maximum Attempts:** 1

**Question Type:** Matching

**Maximum Score:** 2

**Question:** Match each type of insurance with an example of when the insurance company would make a payment.

Choice Text	Correct Match	Match Text
A. Collision coverage	A.	You cause an accident that damages your vehicle.
B. Disability insurance	D.	You go to the emergency room after a car accident.
C. Homeowner's insurance	C.	You have a fire in your house that damages your furniture.
D. Health insurance	B.	You lose your job because of a sports injury.

Attempt	Incorrect Feedback
1st	

Correct Feedback
Correct!

Global Incorrect Feedback
The correct answers are: Collision coverage: You cause an accident that damages your vehicle; Disability insurance: You lose your job because of a sports injury; Homeowner's insurance: You have a fire in your house that damages your furniture; Health insurance: You go to the emergency room after a car accident.

### Question 29a of 30 ( 2 The game of economics 243001 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of a budget?

Choice	Feedback
A. To pay as few taxes as possible	
B. To avoid the costs of compliance	
*C. To keep expenses below income	Correct! You can save for financial goals by bringing in more than you spend.
D. To promote personal values and beliefs	

Global Incorrect Feedback
The correct answer is: To keep expenses below income. You can save for financial goals by bringing in more than you spend.

### Question 29b of 30 ( 2 The game of economics 243002 )

Maximum Attempts: 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What is the goal of using a personal budget?

	Choice	Feedback
A.	To reduce your tax burden	
B.	To eliminate your fixed expenses	
C.	To maximize the return on your investments	
*D.	To save for your future financial goals	Correct! By bringing in more than you spend, you will save money that can be spent later.

**Global Incorrect Feedback**

The correct answer is: To save for your future financial goals. By bringing in more than you spend, you will save money that can be spent later.

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**Question 29c of 30** ( 2 The game of economics 243003 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** What does a budget help you do?

	Choice	Feedback
A.	Get companies to change their behavior	
*B.	Keep your expenses below your income	Correct! You can save for financial goals by bringing in more than you spend.
C.	Avoid being manipulated by salespeople	
D.	Maximize the return on your investments	

**Global Incorrect Feedback**

The correct answer is: Keep your expenses below your income. You can save for financial goals by bringing in more than you spend.

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**Question 30a of 30** ( 2 The game of economics 243004 )

**Maximum Attempts:** 1

**Question Type:** Multiple Choice

**Maximum Score:** 2

**Question:** Why are student loans usually guaranteed by the government?

	Choice	Feedback
A.	Banks charge low interest rates for student loans.	
B.	Banks are required to maintain a certain reserve ratio.	
*C.	Banks don't have any collateral for student loans.	Correct! Student loans are unsecured, making them more risky than other loans.
D.	Banks would give students credit cards they can't afford.	

**Global Incorrect Feedback**

The correct answer is: Banks don't have any collateral for student loans. Student loans are unsecured, making them more risky than other loans.

**Question 30b of 30** ( 2 The game of economics 243005 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is a form of self-help financial aid?

	Choice	Feedback
A.	Liability coverage	
B.	Scholarships	
C.	Tuition fees	
*D.	Student loans	Correct! Student loans must be paid back, which is why students are helping themselves pay for their education rather than getting gifts.

**Global Incorrect Feedback**

The correct answer is: Student loans. Student loans must be paid back, which is why students are helping themselves pay for their education rather than getting gifts.

**Question 30c of 30** ( 2 The game of economics 243006 )

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is one of the features of most student loans?

	Choice	Feedback
*A.	Students don't have to begin repaying until they're done with school.	Correct! Banks know that students are more likely to be able to repay a loan once they've graduated and gotten a decent job.
B.	Collateral is provided through the purchase of a leased automobile.	
C.	Loan insurance is required in case the student suffers an injury or illness.	
D.	Interest rates are high to cover the risk of students defaulting on their loans.	

**Global Incorrect Feedback**

The correct answer is: Students don't have to begin repaying until they're done with school. Banks know that students are more likely to be able to repay a loan once they've graduated and gotten a decent job.

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