

## Final Mastery Test

**Part A** Circle the letter of the answer that correctly completes each sentence.

- The problem of scarcity is caused by \_\_\_\_\_.  
**A** limited wants and limited resources      **C** unlimited wants and unlimited resources  
**B** limited wants and unlimited resources      **D** unlimited wants and limited resources
- In a \_\_\_\_\_ economy, individuals and private businesses own and control production.  
**A** market      **C** command  
**B** mixed      **D** traditional
- \_\_\_\_\_ provide(s) capital to buy new equipment.  
**A** Losses      **C** Overhead  
**B** Revenue      **D** Profits
- You can measure an item's utility by seeing how much \_\_\_\_\_.  
**A** a consumer pays for it      **C** demand changes with income  
**B** satisfaction a consumer gets from it      **D** is produced
- Competition usually will \_\_\_\_\_.  
**A** increase supply      **C** not affect supply  
**B** decrease supply      **D** not affect demand
- The communication between buyers and sellers is called \_\_\_\_\_.  
**A** the free enterprise system      **C** a market failure  
**B** the price system      **D** a public good
- In \_\_\_\_\_, there are many buyers and sellers, a standardized product, and easy entry into and out of the market.  
**A** monopolistic competition      **C** a pure monopoly  
**B** an oligopoly      **D** pure competition
- A successful entrepreneurship must have a marketable idea, potential investors, technical know-how, and \_\_\_\_\_.  
**A** government aid      **C** financial resources  
**B** good partners      **D** natural resources
- The three sectors of the labor force are agricultural, manufacturing and construction, and \_\_\_\_\_.  
**A** skilled      **C** blue-collar  
**B** service      **D** the armed forces
- One reason the Knights of Labor broke up was that it \_\_\_\_\_.  
**A** would not allow women to join      **C** fought with the National Labor Union  
**B** had too many members      **D** tried to unite skilled and unskilled workers

**Final Mastery Test, continued**

- 11.** When people discuss the cost of an item in U.S. dollars, they use money as a \_\_\_\_\_.  
**A** store of value  
**B** medium of exchange  
**C** measure of prices  
**D** barter
- 12.** The Federal Reserve's \_\_\_\_\_ make(s) the key decisions about banking.  
**A** board of governors  
**B** district banks  
**C** branch banks  
**D** member banks
- 13.** The first step in making a personal budget is to figure out \_\_\_\_\_.  
**A** where you can make changes  
**B** how much money you make  
**C** future expenses  
**D** how you spend your money
- 14.** Saving money is a good idea because it helps \_\_\_\_\_.  
**A** you realize long-term spending goals  
**B** banks make more loans to people  
**C** credit card companies issue credit  
**D** the government make investments
- 15.** \_\_\_\_\_ suggests that government should not be involved in economic matters.  
**A** Public policy  
**B** Interstate trade  
**C** Laissez-faire  
**D** The bureaucracy
- 16.** Congress passes \_\_\_\_\_ to give government the money it needs.  
**A** entitlements  
**B** appropriation bills  
**C** amendments  
**D** priorities
- 17.** When the \_\_\_\_\_ from one year to the next, it shows real economic growth.  
**A** real GDP increases  
**B** real GDP decreases  
**C** nominal GDP increases  
**D** nominal GDP decreases
- 18.** The \_\_\_\_\_ explains why people born in poverty sometimes remain in poverty as adults.  
**A** poverty line  
**B** unemployment rate  
**C** income gap  
**D** cycle of poverty
- 19.** Tariffs are one type of \_\_\_\_\_, or way to restrict trade.  
**A** trade barrier  
**B** trade surplus  
**C** trade deficit  
**D** trade war
- 20.** Better medical care in some less developed countries has led to \_\_\_\_\_.  
**A** lower debt  
**B** a more democratic government  
**C** hunger and starvation  
**D** an improved standard of living

**Final Mastery Test, continued**

**Part B** Match the words in Column 1 with their meanings in Column 2.  
Write the letter on the line.

**Column 1**

- \_\_\_\_\_ **21.** economics
- \_\_\_\_\_ **22.** mixed economy
- \_\_\_\_\_ **23.** profit incentive
- \_\_\_\_\_ **24.** demand
- \_\_\_\_\_ **25.** supply
- \_\_\_\_\_ **26.** lending money
- \_\_\_\_\_ **27.** natural monopoly
- \_\_\_\_\_ **28.** U.S. government
- \_\_\_\_\_ **29.** wage
- \_\_\_\_\_ **30.** AFL-CIO
- \_\_\_\_\_ **31.** entitlements
- \_\_\_\_\_ **32.** GDP
- \_\_\_\_\_ **33.** business cycle
- \_\_\_\_\_ **34.** budget
- \_\_\_\_\_ **35.** principal
- \_\_\_\_\_ **36.** fiscal policy
- \_\_\_\_\_ **37.** public sector
- \_\_\_\_\_ **38.** layoffs
- \_\_\_\_\_ **39.** balance of trade
- \_\_\_\_\_ **40.** United Nations

**Column 2**

- a.** the ability and willingness of sellers to make things available for sale
- b.** a plan for spending and saving money
- c.** benefits to which people feel they have a right
- d.** the money a worker gets in exchange for labor
- e.** the amount of money borrowed
- f.** federal, state, and local governments buying goods and services
- g.** the amount of a good or service that consumers are willing and able to buy at a given price
- h.** the swings up and down in the real GDP
- i.** one reason for unemployment
- j.** an international organization that promotes higher standards of living for all people
- k.** an economy in which there is a blend of economic systems
- l.** a monopoly that is allowed to exist because competition is not needed
- m.** why businesses provide goods and services to consumers
- n.** the Federal Reserve System's biggest customer
- o.** the total value of all final goods and services produced in a country in one year
- p.** the study of how people and countries make decisions about how to use their resources
- q.** the largest group of independent labor unions
- r.** one main service of a bank
- s.** the government's use of spending and taxes to achieve a strong economy
- t.** the difference between the value of a country's imports and its exports

**Final Mastery Test, continued****Part C** Write the correct word from the Word Bank to complete each sentence.**Word Bank**

glass ceiling

national debt

law of supply

right-to-work law

inelastic demand

pollution

limited liability

factors of production

liquidity

Cabinet

monetary policy

comparison shopping

rural

specialize

standard of living

41. Resources that are used to make goods and services are called \_\_\_\_\_.
42. Traditional economies are mostly in \_\_\_\_\_ areas.
43. \_\_\_\_\_ occurs when a price increase has little effect on demand.
44. The \_\_\_\_\_ says that as the price of a good rises, the quantity supplied will rise.
45. \_\_\_\_\_ is an advantage of a corporation because investors can only lose as much money as they have invested.
46. In the past, a(n) \_\_\_\_\_ kept women from leadership roles in corporations.
47. A(n) \_\_\_\_\_ makes it illegal to require a worker to join a union.
48. The Fed's decisions about money and banking are called \_\_\_\_\_.
49. \_\_\_\_\_ can help you get the best product for your needs.
50. Investors should consider the return, risk, and \_\_\_\_\_ of each investment.
51. The \_\_\_\_\_ is a group of department leaders who advise the president.
52. Each year that a nation has a budget deficit, its \_\_\_\_\_ increases.
53. Trade allows a country to \_\_\_\_\_ in the production of certain goods and services.
54. Economic growth results in an improved \_\_\_\_\_.
55. \_\_\_\_\_ is often a by-product of industrialization.

## Final Mastery Test, continued

**Part D** Circle the word(s) in parentheses that best complete(s) each sentence.

56. (Specialization, Productivity) increases when workers make more of a product in the same time than in the past.
57. The (Constitution, Declaration of Independence) reflects the belief that governments are set up to protect property.
58. Prices rise when there are (surpluses, shortages) of goods and services.
59. In a(n) (monopoly, oligopoly), there is only one seller.
60. The (circular flow model, equilibrium point) shows the exchange among consumers, businesses, and governments.
61. As a result of the (Civil Rights Act of 1964, Americans with Disabilities Act), voting rights of African Americans were protected.
62. (Job security and mediation, Wages and benefits) are the major issues in labor-management discussions.
63. The (National Banking Act, Gold Standard Act) limited the government from printing more paper money than it had gold or silver to back it.
64. After the (Civil War, Panic of 1907), the Federal Reserve System was created to stabilize the banking system.
65. The (Federal Trade Commission, Food and Drug Administration) makes sure that advertising and labeling are true.
66. The (NYSE, DJIA) is a measure of stock market performance.
67. With a (progressive, regressive) tax, the more money a person makes, the greater the percentage paid in taxes.
68. (Inflation, Deflation) is a steady rise in the price of goods and services.
69. (GATT, NAFTA) created a large free-trade area in North America.
70. (Free trade, Globalization) is the act of bringing world economies closer together through international business and trade.