

## Mastery

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

1. Economics is about making \_\_\_\_\_.  
 A resources                      B capital                      C choices                      D money
2. \_\_\_\_\_ is the basic economic problem.  
 A Scarcity                      B Production                      C Labor                      D Capital
3. People who take risks to start new businesses or improve old ones are \_\_\_\_\_.  
 A managers                      B entrepreneurs                      C employees                      D manufacturers
4. Giving up one thing for another is a \_\_\_\_\_.  
 A trade-off                      B service                      C need                      D want
5. Something that is necessary to stay alive is a \_\_\_\_\_.  
 A good                      B service                      C need                      D want

Part B Write the correct word from the Word Bank to complete each sentence.

Word Bank				
assembly line	wants	services	opportunity cost	down
productivity	land	technology	opportunities	production

6. A product moves from worker to worker on a(n) \_\_\_\_\_.
7. Natural resources include water, minerals, and \_\_\_\_\_.
8. People who do work for others for a fee provide \_\_\_\_\_.
9. The computer is an example of \_\_\_\_\_ that has changed the way businesses work.
10. Henry Ford's ideas led to increased \_\_\_\_\_.
11. When you make a choice, you give up other \_\_\_\_\_.
12. The cost of a trade-off is a(n) \_\_\_\_\_.
13. When workers produce more, prices may go \_\_\_\_\_.
14. People have unlimited \_\_\_\_\_.
15. Natural resources, labor, and capital are factors of \_\_\_\_\_.

## Mastery Test

Part A Circle the letter that correctly completes each sentence.

16. What kind of economy is a blend of economic systems?  
 A mixed                      B market                      C traditional                      D command
17. According to Adam Smith, what will the best economic system have?  
 A competition                      B democracy                      C government help                      D incentives
18. What are the three basic economic questions?  
 A who, what, and when                      C how, where, and what  
 B what, how, and who                      D when, where, and how
19. What is another name for a command economy?  
 A capitalism                      B planned                      C socialism                      D traditional
20. Which economic system is the only pure system that really exists?  
 A command                      B market                      C traditional                      D mixed

Part B Write the correct word from the Word Bank to complete each sentence.

Word Bank				
incentive	economic system	government	communist	invisible hand
socialist	democratic socialism	democracy	rural	market economy

21. Adam Smith believed that competition acts like a(n) \_\_\_\_\_.
22. In a(n) \_\_\_\_\_ economy, the government owns all property, factories, and land.
23. A(n) \_\_\_\_\_ is something that makes a person take an action.
24. \_\_\_\_\_ describes a type of government where people have a say but the government owns the major industries.
25. In a(n) \_\_\_\_\_, citizens take part in the government.
26. A(n) \_\_\_\_\_ helps a society provide for the wants and needs of its people.
27. Traditional economies are often found in \_\_\_\_\_ areas.
28. \_\_\_\_\_ is another name for capitalism.
29. In the United States, both \_\_\_\_\_ and individuals share in making economic decisions.
30. In a(n) \_\_\_\_\_ economy, the government owns the utilities, transportation systems, and other major industries.

## Mastery Test

Part C Write the correct word from the Word Bank to complete each sentence.

Word Bank				
natural rights	resources	free choice	compete	variable cost
property	costs	due process	lay off	contracts

31. The Declaration of Independence explained \_\_\_\_\_.
32. Amendment 14 guarantees people \_\_\_\_\_ in the court system.
33. In a free enterprise system, individuals own and control \_\_\_\_\_.
34. One example of \_\_\_\_\_ is that people can choose where and when they want to work.
35. When a company loses money, it may \_\_\_\_\_ workers.
36. A loss is when a company's revenue is less than its \_\_\_\_\_.
37. Workers' wages are an example of a \_\_\_\_\_ for a business.
38. Consumers have to \_\_\_\_\_ more in a market when there are fewer products to buy.
39. When \_\_\_\_\_ are scarce, a business may have to pay more to get them.
40. The American government cannot get in the way of private \_\_\_\_\_.

Part D Write the answers to these questions. Use complete sentences.

41. How does competition help consumers?

\_\_\_\_\_

42. Why are profits important?

\_\_\_\_\_

43. John Adams said that "property must be secured or liberty cannot exist." Do you agree with Adams? Explain your answer.

\_\_\_\_\_

\_\_\_\_\_

## Mastery Test

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

44. Consumers affect demand by changing their minds about what they \_\_\_\_\_.  
 A earn                      B like and want                      C produce                      D supply others
45. Economists use the word \_\_\_\_\_ to measure the impact of price on demand.  
 A elasticity                      B profit                      C utility                      D necessity
46. Juice, water, milk, and tea are \_\_\_\_\_ for soft drinks.  
 A factors                      B utilities                      C income                      D substitutes
47. \_\_\_\_\_ is the usefulness or satisfaction a consumer gets from a product.  
 A Elasticity                      B Utility                      C Demand                      D Bottom line
48. How much a product or service costs is its \_\_\_\_\_.  
 A price                      B income                      C demand                      D consumer taste

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

### Column 1

- \_\_\_\_\_ 49. total cost
- \_\_\_\_\_ 50. tax
- \_\_\_\_\_ 51. subsidy
- \_\_\_\_\_ 52. marginal cost
- \_\_\_\_\_ 53. elasticity of supply
- \_\_\_\_\_ 54. supply
- \_\_\_\_\_ 55. negative returns
- \_\_\_\_\_ 56. law of variable proportions
- \_\_\_\_\_ 57. supply curve
- \_\_\_\_\_ 58. zero elasticity of supply

### Column 2

- a. how changes in price affect the quantity of supply
- b. ability and willingness of sellers to produce and sell a product or service
- c. when there will never be more than one in supply
- d. additional cost of producing one more unit
- e. third stage of production
- f. shows suppliers are more willing to sell at higher prices
- g. money paid to help pay the government's expenses
- h. a government grant
- i. in the short run, changing one input changes the output
- j. fixed costs added to variable costs

## Mastery Test

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

59. \_\_\_\_\_ often ration goods during times of crisis or war.  
 A Businesses      B Governments      C Schools      D Black markets
60. A(n) \_\_\_\_\_ is a piece of paper that can be exchanged for goods.  
 A resource      B surplus      C ration coupon      D externality
61. When there is a(n) \_\_\_\_\_, prices often drop.  
 A surplus      B equilibrium      C shortage      D crisis
62. When there is a(n) \_\_\_\_\_, prices often go up.  
 A price fix      B shortage      C equilibrium      D surplus
63. If prices are lower than the equilibrium price, sellers will want to sell \_\_\_\_\_.  
 A less      B more      C the same      D everything

Part B Write the correct word from the Word Bank to complete each sentence.

Word Bank		
price system	positive externality	public goods
crisis	black market	market failure

64. A helpful side effect of an economic situation is a \_\_\_\_\_.
65. The way buyers and sellers communicate is through the \_\_\_\_\_.
66. Products and services everyone can use are \_\_\_\_\_.
67. In a \_\_\_\_\_, goods are sold at prices that are illegal.
68. When people's well-being is threatened, there is a \_\_\_\_\_.
69. A \_\_\_\_\_ happens when buyers and sellers are not well informed.