

Final

1. When a company raises its prices and total revenues decrease:

(a) demand is inelastic		
(b) demand is elastic	(c) it is a tragic flaw of capitalism	
(d) it is a recession		

2. A tragic flaw of capitalism is:

disregard for their surroundings		(a) businesses may operate with a
(b) businesses may be unresponsive in the absense of effective demand	(c) it has no automatic mechanism to pull economy out of a severe slump	
(d) all of the above		

3. A tragic flaw of communism is:

(a) it operates with a disregard for natural forces within the economy		
(b) it operates with a disregard for freedom of activity	(c) it is less efficient than a market economy	
(d) all of the above		

4. When the wealthy are taxed at a higher rate than the poor, the tax is:

	(a) a progressive tax	
tax	(b) a regressive tax	(c) a sales
	(e) an income tax	

5. Economic principle(s) that helped make Henry Ford a fortune:

(a) economies of scale		
(b) elasticity of demand	(c) both of the above	
(d) none of the above		

6. Consumers are willing to buy more when prices are lower, and producers are willing to produce more when prices are higher. This is called:

(a) Law of Diminished Responsibility		
(b) Law of Diminishing Returns	(c) Law of Diminishing Utility	
(d) Law of Supply and Demand		

7. When combining multiple resources, there is a point beyond which the rate of output begins to diminish when one resource is increased and others held constant. This is referred to as:

(a) Law of Diminished Responsibility		
(b) Law of Diminishing Returns	(c) Law of Diminishing Utility	
(d) Law of the Land		

8. The more one consumes of a product, the less the marginal utility. This is referred to as:

(a) Law of Diminished Responsibility		
(b) Law of Diminishing Returns	(c) Law of Diminishing Utility	
(d) Law of Supply and Demand		

9. When a government chooses to regulate the economy simply by making the interest rate of money more or less expensive rather than have mandatory regulations, the practice is called:

(a) Monetary Policy		
(b) Fiscal Policy	(c) Moral Suasion	
(d) Gentle Persuasion		