

Final

1. When a company raises its prices and total revenues increase:
 - (a) it is a recession
 - (b) demand is inelastic
 - (c) demand is elastic
 - (d) it is a tragic flaw of capitalism

2. A tragic flaw of capitalism is:
 - (a) businesses may operate with a disregard for their surroundings
 - (b) businesses may be unresponsive in the absence 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) an income tax
 - (b) a progressive tax
 - (c) a regressive tax
 - (d) a sales tax

5. Economic principle(s) that helped make Henry Ford a fortune:
 - (a) economies of scale
 - (b) elasticity of demand
 - (c) none of the above
 - (d) both 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. 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

8. 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

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