

Quiz II

Name: _____

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

2. A tragic flaw of capitalism is:
 - (a) businesses may operate with a disregard for their surroundings
 - (b) businesses may be unresponsive in the absense of effective demand
 - (c) it has no automatic mechanism to pull economy out of 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 is less efficient than a market economy
 - (c) it operates with a disregard for freedom of activity
 - (d) all of the above

4. Economic principle(s) that helped make Henry Ford a fortune:
 - (a) economies of scale
 - (b) circular flow of wealth
 - (c) elasticity of demand
 - (d) both (a) and (b)
 - (e) none of the above

5. When the wealthy are taxed at a higher rate than the poor, the tax is:
 - (a) a progressive tax
 - (b) a regressive tax
 - (c) a property tax
 - (d) an income tax
 - (e) an income tax

Match:

- | | | |
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| <ol style="list-style-type: none"> 6. Situation in which a single producer controls the market without competition. 7. The price paid for the use of labor. 8. Private owner of a business, controlling both capital and production. 9. Arrangement by which consumers and sellers exchange goods and services. 10. Practice of exchanging goods without the need of of money changing hands. | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <ol style="list-style-type: none"> a. Barter b. Capitalism c. Competition d. Corporation e. Demand f. Entrepreneur g. Market h. Monopoly i. Savings j. Sole Proprietor k. Supply l. Wage m. Wealth |
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