

Exam: U.S. and Global Economics

Question 1a of 30

(1 The game of economics 242917)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Economic decisions involve doing what with resources to produce goods and services for people to consume?

Choice Feedback

*A. Allocating

Correct! Allocation decisions involve setting aside resources for a particular use.

B. Marginalizing

C. Renewing

D. Satisfying

Global Incorrect Feedback

The correct answer is: Allocating. Allocation decisions involve setting aside resources for a particular use.

Question 1b of 30

(1 The game of economics 242918)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Economics is about the production of goods and services, which requires the allocation of what?

Choice Feedback

A. Benefits

B. Consumption

*C. Resources

Correct! Allocation decisions involve setting aside resources for a particular use.

D. Utility

Global Incorrect Feedback

The correct answer is: Resources. Allocation decisions involve setting aside resources for a particular use.

Question 1c of 30

(1 The game of economics 242919)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In an economic system, decisions need to be made about productive

resources and which of the following?

Choice Feedback

*A. Allocation

Correct! Allocation decisions involve setting aside resources for a particular use.

B. Growth

C. Protection

D. Sustainability

Global Incorrect Feedback

The correct answer is: Allocation. Allocation decisions involve setting aside resources for a particular use.

Question 2a of 30

(3 The game of economics 242920)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Which of these government policies pursues the economic goal of equity?

Choice Feedback

A. Protecting consumers from fraud

*B. Providing welfare benefits

Correct! Welfare benefits distribute financial resources more evenly throughout society.

C. Preventing monopolies

D. Ending a recession

Global Incorrect Feedback

The correct answer is: Providing welfare benefits. Welfare benefits distribute financial resources more evenly throughout society.

Question 2b of 30

(3 The game of economics 242921)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Which of these government policies pursues the economic goal of growth?

Choice Feedback

A. Keeping taxes low

*B. Increasing the money supply

Correct! A bigger money supply makes a greater amount of economic activity possible.

C. Borrowing money using bonds

D. Protecting consumers from fraud

Global Incorrect Feedback

The correct answer is: Increasing the money supply. A bigger money supply makes a greater amount of economic activity possible.

Question 2c of 30

(3 The game of economics 242922)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these government policies pursues the economic goal of freedom?

Choice Feedback

- A. Ending a recession
- B. Avoiding a budget deficit
- C. Increasing the money supply
- *D. Protecting consumers from fraud

Correct! Choices are only free if they're made with full and accurate information.

Global Incorrect Feedback

The correct answer is: Protecting consumers from fraud. Choices are only free if they're made with full and accurate information.

Question 3a of 30

(2 The game of economics 242923)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: What is the purpose of a free-market system?

Choice Feedback

- A.
To protect the conditions that enable specialization
- B.
To stimulate the growth of the gross domestic product
- C.
To raise the standard of living for everyone in the country

Correct! The free-market system leaves *D.

economic decisions up to the free choices of consumers and producers.

Global Incorrect Feedback

The correct answer is: To allow consumers and producers to make their own decisions. The free-market system leaves economic decisions up to the free choices of consumers and producers.

Question 3b of 30

(2 The game of economics 242924)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Which of these is one of the principles of a free-market system?

Choice Feedback

A.

D:\clases\Economics\8.1.2.mht 02/04/2012

To allow consumers and producers to make their own decisions

The gross domestic product must be as large as possible.

***B.**

The being government coerced.

must prevent consumers from

Correct! A coerced choice is not a free choice.

C.

Productive resources must be protected against overexploitation.

D.

Public goods must be provided to secure a high standard of living.

Global Incorrect Feedback

The correct answer is: The government must prevent consumers from being coerced. A coerced choice is not a free choice.

Question 3c of 30

(2 The game of economics 242925)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is required to have a free-market system?

Choice Feedback

***A.** Laws against theft, fraud, and coercion

Correct! In order to have free choice, people must have their property and persons protected and have access to accurate information.

B. Government provision of public goods

C. Tight control over the money supply

D. Sustainable development

Global Incorrect Feedback

The correct answer is: Laws against theft, fraud, and coercion. In order to have free choice, people must have their property and persons protected and have access to accurate information.

Question 4a of 30

(2 The game of economics 242926)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Why do economists measure the gross domestic product?

Choice Feedback

***A.**

Correct! The GDP is the total of all goods and services produced in an economy.

B.

To see how much economic activity there is in a particular country

To estimate how much the government must tax to avoid a budget deficit

C.

To enable the Fed to decide whether to increase or decrease the money supply

D.

To determine whether consumers and producers are making free choices

Global Incorrect Feedback

The correct answer is: To see how much economic activity there is in a particular country. The GDP is the total of all goods and services produced in an economy.

Question 4b of 30

(2 The game of economics 242927)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: What does the inflation rate indicate?

Choice Feedback

A. How far in debt the government is

B. How much the minimum wage has increased

***C.** How quickly prices are rising

Correct! Inflation is a measurement of price increases over time.

D. How much interest is being charged on mortgages

Global Incorrect Feedback

The correct answer is: How quickly prices are rising. Inflation is a measurement of price increases over time.

Question 4c of 30

(2 The game of economics 242928)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Which of these economic indicators is most likely to be high during a recession?

Choice Feedback

A. Retail sales

B. Gross domestic product

*C. Unemployment rate

Correct! A recession is characterized by inflation, high unemployment, and slow growth of GDP.

D. Per capita personal income

Global Incorrect Feedback

The correct answer is: Unemployment rate. A recession is characterized by inflation, high unemployment, and slow growth of GDP.

Question 5a of 30

(3 The game of economics 242929)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: How does the assembly line benefit the economy?

Choice Feedback

A. It enables low taxation.

B. It provides maximum utility.

C. It keeps distribution costs low.

*D. It increases productivity.

Correct! The assembly line cuts down on wasted motion and enables workers to learn their tasks better.

Global Incorrect Feedback

The correct answer is: It increases productivity. The assembly line cuts down on wasted motion and enables workers to learn their tasks better.

Question 5b of 30

(3 The game of economics 242930)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: How does use of cargo containers benefit the economy?

Choice Feedback

A. By decreasing pollution

*B. By keeping distribution costs low

Correct! Since the advent of containerized cargo shipping methods, distribution costs for goods have plummeted to around 1% of the retail price.

C. By preventing protective tariffs

D. By generating renewable energy

Global Incorrect Feedback

The correct answer is: By keeping distribution costs low. Since the advent of containerized cargo shipping methods, distribution costs for goods have plummeted to around 1% of the retail price.

Question 5c of 30

(3 The game of economics 242931)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: How has the Internet benefited the economy?

Choice Feedback

A.

By making it difficult for repressive governments to censor their citizens

B.

By lowering overhead costs for retailers and driving prices to all-time lows

C.

By providing the government means of collecting taxes
with a more efficient

***D.**

By trade improving and specialization
communication and allowing greater

Correct! Better communication makes it easier for businesses to diversify and do business around the world.

Global Incorrect Feedback

The correct answer is: By improving communication and allowing greater trade and specialization. Better communication makes it easier for businesses to diversify and do business around the world.

Question 6a of 30

(2 The game of economics 242932)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2 Question: In a free-market system, consumers let producers know what they want to

buy and how much they're willing to pay through what?

Choice Feedback

A. Boycotts

B. Their credit reports

C. Collective bargaining

***D. Their purchases**

Correct! Producers pay attention to consumer behavior in order to profit more from that behavior.

Global Incorrect Feedback

The correct answer is: Their purchases. Producers pay attention to consumer behavior in order to profit more from that behavior.

Question 6b of 30

(2 The game of economics 242933)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: In order to know what people want to buy and how much they're willing to pay, producers pay attention to what?

Choice Feedback

- A. The size of the money supply
- B. Interest rates set by the Fed
- *C. Consumers' purchases

Correct! Producers pay attention to consumer behavior in order to profit more from that behavior.

- D. Economic indicators

Global Incorrect Feedback

The correct answer is: Consumers' purchases. Producers pay attention to consumer behavior in order to profit more from that behavior.

Question 6c of 30

(2 The game of economics 242934)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Producers use market research in order to do what?

Choice Feedback

- *A. Find out what consumers want to buy

Correct! Producers pay attention to consumer behavior in order to profit more from that behavior.

- B. Drive other companies out of business
- C. Make better investment decisions
- D. Keep the costs of production low

Global Incorrect Feedback

The correct answer is: Find out what consumers want to buy. Producers pay attention to consumer behavior in order to profit more from that behavior.

Question 7a of 30

(1 The game of economics 242935)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Utility is a measure of what?

Choice Feedback

- A. Value
- B. Money
- C. Usefulness
- *D. Satisfaction

Correct! Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.

Global Incorrect Feedback

The correct answer is: Satisfaction. Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.

Question 7b of 30

(1 The game of economics 242936)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The satisfaction that consumers get from their purchases is known as what?

Choice Feedback

*A. Utility

Correct! Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.

B. Marginalism

C. Subjectivity

D. Materialism

Global Incorrect Feedback

The correct answer is: Utility. Utility is the amount of subjective satisfaction an individual consumer gets from a particular act of consumption.

Question 7c of 30

(1 The game of economics 242937)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Consumers use cost-benefit analysis in order to maximize what?

Choice Feedback

A. Productivity

B. Rationality

*C. Utility

Correct! Cost-benefit analysis helps consumers get the greatest satisfaction out of their decisions.

D. Value

Global Incorrect Feedback

The correct answer is: Utility. Cost-benefit analysis helps consumers get the greatest satisfaction out of their decisions.

Question 8a of 30

(2 The game of economics 242938)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2 Question: The purpose of advertising is to do what?

Choice Feedback

- A. Keep prices low
- B. Create a monopoly
- *C. Influence consumer behavior

Correct! Advertisers hope to get consumers to buy more of their products.

- D. Conduct market research

Global Incorrect Feedback

The correct answer is: Influence consumer behavior. Advertisers hope to get consumers to buy more of their products.

Question 8b of 30

(2 The game of economics 242939)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: A consumer who is reluctant to take chances has a high level of what?

Choice Feedback

- A. Income
- B. Profitability
- *C. Risk aversion

Correct! Risk aversion is a person's level of discomfort with insecurity and uncertainty.

- D. Marginal utility

Global Incorrect Feedback

The correct answer is: Risk aversion. Risk aversion is a person's level of discomfort with insecurity and uncertainty.

Question 8c of 30

(2 The game of economics 242940)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: The non-monetary considerations that affect consumers' decisions are often

based on what?

Choice Feedback

- A. Advertising
- *B. Values and beliefs

Correct! Different consumers have different priorities that affect their economic decisions.

- C. Government planning

D. Decreasing marginal utility

Global Incorrect Feedback

The correct answer is: Values and beliefs. Different consumers have different priorities that affect their economic decisions.

Question 9a of 30

(3 The game of economics 242941)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of market structure with an example of an industry that fits that type of competition.

Choice Text

Correct Match

Match Text

- A. Pure competition C. Fast food
- B. Monopoly B. Cable television
- C. Monopolistic competition A. Online auctioning
- D. Oligopoly D. Airlines

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Pure competition: Online auctioning; Monopoly: Cable television; Monopolistic competition: Fast food; Oligopoly: Airlines.

Question 9b of 30

(3 The game of economics 242942)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of market structure with its corresponding example.

Choice Text

Correct Match

Match Text

- A. Pure competition D. Digital cameras
- B. Monopoly A. Online auctioning
- C. Monopolistic competition C. Video rental

D. Oligopoly B. Sewer service

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Pure competition: Online auctioning; Monopoly: Sewer service; Monopolistic competition: Video rental; Oligopoly: Digital cameras.

Question 9c of 30

(3 The game of economics 242943)

Maximum Attempts: 1 Question Type: Matching

Maximum Score: 2

Question: Match each type of market structure with its corresponding example.

Choice Text

Correct Match

Match Text

- A. Pure competition C. Fast food
- B. Near monopoly B. Computer operating systems
- C. Monopolistic competition A. Online auctioning
- D. Oligopoly D. Automobiles

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Pure competition: Online auctioning; Near monopoly: Computer operating systems; Monopolistic competition: Fast food; Oligopoly: Automobiles.

Question 10a of 30

(2 The game of economics 242944)

Maximum Attempts: 1 Question Type: Matching

Maximum Score: 2

Question: Match each type of business with one of its features.

Choice Text

Correct Match

Match Text

- A. Sole proprietorship C. Board of directors
- B. Partnership B. Limited liability

- C. Public corporation A. Unlimited liability
D. Nonprofit corporation D. A goal to benefit its members

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Sole proprietorship: Unlimited liability; Partnership: Limited liability; Public corporation: Board of directors; Nonprofit corporation: A goal to benefit its members.

Question 10b of 30

(2 The game of economics 242945)

Maximum Attempts: 1

Question Type: Matching Maximum Score: 2

Question: Match each type of business with one of its features.

Choice Text

Correct Match

Match Text

- A. Sole proprietorship A. Unlimited liability
B. General partnership D. Public regulation
C. Public corporation C. Stockholder control
D. Government corporation B. Collective decision making

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Sole proprietorship: Unlimited liability; General partnership: Collective decision making; Public corporation: Stockholder control; Government corporation: Public regulation.

Question 10c of 30

(2 The game of economics 242946)

Maximum Attempts: 1

Question Type: Matching Maximum Score: 2

Question: Match each type of business with one of its features.

Choice Text

Correct Match

Match Text

- A. Sole proprietorship C. Profits paid out as dividends

- B. Partnership B. Sharing of profits
- C. Corporation D. No profits made
- D. Government corporation A. All profits retained

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Sole proprietorship: All profits retained; Partnership: Sharing of profits; Corporation: Profits paid out as dividends; Government corporation: No profits made.

Question 11a of 30

(3 The game of economics 242947)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: According to the law of supply and demand, when supply increases what else happens?

Choice Feedback

- A. Demand will decrease.
- B. Productivity will decrease.
- C. Quantity supplied will decrease.
- *D. Prices will decrease.

Correct! An increase in supply means consumers don't have to compete with each other as much, which drives down the price they're willing to pay.

Global Incorrect Feedback

The correct answer is: Prices will decrease. An increase in supply means consumers don't have to compete with each other as much, which drives down the price they're willing to pay.

Question 11b of 30

(3 The game of economics 242948)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Which of these is most likely to lead to a decrease in the price of a good?

Choice Feedback

- *A. Demand decreases and supply remains the same.

Correct! A decrease in demand for a fixed supply means consumers don't have to compete with each other as much, which drives down the price they're willing to pay.

- B. Demand increases and supply decreases.
- C. Demand increases as fast as supply increases.

D.

Demand decreases and supply decreases the same amount.

Global Incorrect Feedback

The correct answer is: Demand decreases and supply remains the same. A decrease in demand for a fixed supply means consumers don't have to compete with each other as much, which drives down the price they're willing to pay.

Question 11c of 30

(3 The game of economics 242949)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: What happens when demand for a good increases but its supply decreases?

Choice Feedback

A. The level of profit increases.

*B. The price for the good increases.

Correct! An increase in demand and decrease in supply means consumers must compete with each other more, which drives up the price they're willing to pay to get a particular good or service.

C. Government rationing takes place.

D. Competition among producers decreases.

Global Incorrect Feedback

The correct answer is: The price for the good increases. An increase in demand and decrease in supply means consumers must compete with each other more, which drives up the price they're willing to pay to get a particular good or service.

Question 12a of 30

(3 The game of economics 242950)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2 Question: Match each of the terms below with an example that fits the term.

Choice Text

Correct Match

Match Text

A. Fungibility C. The provision of a public good

B. Elasticity B. The demand for jewelry

C. Non-excludability D. The switch from white bread to wheat bread

D. Substitution A. The production of potatoes

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answer is: Fungibility: The production of potatoes; Elasticity: The demand for jewelry; Non-excludability: The provision of a public good; Substitution: The switch from white bread to wheat bread.

Question 12b of 30

(3 The game of economics 242951)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2 Question: Match each of the terms below with an example that fits the term.

Choice Text

Correct Match

Match Text

- A. Fungibility A. The production of gasoline
- B. Inelasticity D. The switch from coffee to tea
- C. Non-excludability C. The provision of national defense
- D. Substitution B. The demand for cigarettes

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Fungibility: The production of gasoline; Inelasticity: The demand for cigarettes; Non-excludability: The provision of national defense; Substitution: The switch from coffee to tea.

Question 12c of 30

(3 The game of economics 242952)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2 Question: Match each of the terms below with an example that fits the term.

Choice Text

Correct Match

Match Text

- A. Fungibility A. Production of rice
- B. Inelasticity B. Demand for food and shelter
- C. Non-excludability C. Environmental protection
- D. Substitution D. Switching from butter to margarine

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Fungibility: Production of rice; Inelasticity: Demand for food and shelter; Non-excludability: Environmental protection; Substitution: Switching from butter to margarine.

Question 13a of 30

(2 The game of economics 242953)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Which of these is most likely to lead to an increase in wages?

Choice Feedback

- A. Outsourcing and offshoring
- B. The use of an assembly line
- *C. The formation of a labor union

Correct! Labor unions give workers greater bargaining power because they all stand together against the employer when negotiating wages.

D. A government with a budget surplus

Global Incorrect Feedback

The correct answer is: The formation of a labor union. Labor unions give workers greater bargaining power because they all stand together against the employer when negotiating wages.

Question 13b of 30

(2 The game of economics 242954)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: What is likely to happen if the size of the labor pool suddenly increases?

Choice Feedback

- A. Prices will go up.
- B. Profits will decrease.
- C. The minimum wage will rise.
- *D. Wages will go down.

Correct! The labor market follows the law of supply and demand, so an increase in supply leads to a decrease in price as employers do not have to compete as fiercely for workers.

Global Incorrect Feedback

The correct answer is: Wages will go down. The labor market follows the law of supply and demand, so an increase in supply leads to a decrease in price as employers do not have to compete as fiercely for workers.

Question 13c of 30

(2 The game of economics 242955)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: A high level of what is most likely to lead to a higher wage?

Choice Feedback

*A. Education

Correct! Education makes a worker a rarer commodity, and rare commodities have higher prices.

B. Immigration

C. Market concentration

D. Government regulation

Global Incorrect Feedback

The correct answer is: Education. Education makes a worker a rarer commodity, and rare commodities have higher prices.

Question 14a of 30

(1 The game of economics 242956)

Maximum Attempts: 1

Question Type: Ordering Maximum Score: 2

Question: Put the phases of the business cycle in the correct order in which they follow a depression.

Correct Answer: 1. Recovery 2. Boom 3. Recession 4. Depression

Attempt Incorrect Feedback

1st

Correct Feedback

Correct! A depression ends with recovery, which becomes a boom and then a recession and depression again.

Global Incorrect Feedback

The correct answer is: Recovery, Boom, Recession, and Depression.

Question 14b of 30

(1 The game of economics 242957)

Maximum Attempts: 1

Question Type: Ordering

Maximum Score: 2

Question: Put the phases of the business cycle in the correct order in which they follow a recession.

Correct Answer:

1. Depression 2. Recovery 3. Boom 4. Recession

Attempt Incorrect Feedback

1st

Correct Feedback

Correct! A recession can turn into a depression, which ends with recovery that becomes a boom and then a recession again.

Global Incorrect Feedback

The correct answer is: Depression, Recovery, Boom, and Recession.

Question 14c of 30

(1 The game of economics 242958)

Maximum Attempts: 1

Question Type: Ordering Maximum Score: 2

Question: Put the phases of the business cycle in the correct order in which they follow a boom.

Correct Answer: 1. Recession 2. Depression 3. Recovery 4. Boom

Attempt Incorrect Feedback

1st

Correct Feedback

Correct! A boom ends with a recession, which can turn into a depression that only ends with recovery that becomes a boom again.

Global Incorrect Feedback

The correct answer is: Recession, Depression, Recovery, and Boom.

Question 15a of 30

(2 The game of economics 242959)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is a fractional reserve banking system necessary?

Choice Feedback

A. To enable the government to charge lower taxes

B. To provide the regulation of the global economy

*C.

Correct! With a full reserve banking system, banks couldn't make loans and would have no way of making money other than by charging fees.

D.

To enable banks to loan out money to make a profit

To prevent the money supply from growing too quickly

Global Incorrect Feedback

The correct answer is: To enable banks to loan out money to make a profit. With a full reserve banking system, banks couldn't make loans and would have no way of making money other than by charging fees.

Question 15b of 30

(2 The game of economics 242960)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of the required reserve ratio?

Choice Feedback

A.

To keep central banks from having too much influence over currency exchange rates

B.

To provide government planners with accurate information about economic indicators

***C.**

Correct! The required reserve ratio protects banks against bank runs.

D.

To make sure banks have enough money on hand to meet customers' withdrawal requests

To prevent the government from getting so far into debt that the economy is weakened

Global Incorrect Feedback

The correct answer is: To make sure banks have enough money on hand to meet customers' withdrawal requests. The required reserve ratio protects banks against bank runs.

Question 15c of 30

(2 The game of economics 242961)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Under a fractional reserve banking system, the amount of money loaned out can only increase if what happens?

Choice Feedback

A. Taxes are reduced.

B. The money supply increases.

C. There are more government bonds for sale.

***D.** The required reserve ratio is lowered.

Correct! When the required reserve ratio goes down, banks are legally allowed to tap into their reserves to make more loans.

Global Incorrect Feedback

The correct answer is: The required reserve ratio is lowered. When the required reserve ratio goes down, banks are legally allowed to tap into their reserves to make more loans.

Question 16a of 30

(2 The game of economics 242962)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Which is not a policy tool used by the Fed?

Choice Feedback

- A. Setting the discount rate
- B. Buying and selling bonds
- *C. Making tax cuts

Correct! Congress, not the Fed, sets tax policy in the United States.

- D. Setting the required reserve ratio

Global Incorrect Feedback

The correct answer is: Making tax cuts. Congress, not the Fed, sets tax policy in the United States.

Question 16b of 30

(2 The game of economics 242963)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is not a way that the Fed can generate an increase in the money supply?

Choice Feedback

- A. Buying bonds
- B. Lowering the discount rate
- C. Reducing the required reserve ratio
- *D. Cutting taxes

Correct! Congress, not the Fed, sets tax policy in the United States.

Global Incorrect Feedback

The correct answer is: Cutting taxes. Congress, not the Fed, sets tax policy in the United States.

Question 16c of 30

(2 The game of economics 242964)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Which of these is the Fed not able to do?

Choice Feedback

- *A. Prevent a budget deficit

Correct! Congress, not the Fed, determines the budget of the federal government.

- B. Regulate private banks

- C. Sell government bonds
- D. Increase the money supply

Global Incorrect Feedback

The correct answer is: Prevent a budget deficit. Congress, not the Fed, determines the budget of the federal government.

Question 17a of 30

(3 The game of economics 242965)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is most likely to lead to an increase in the price of a company's stock?

Choice Feedback

- A. Its dividends are reduced.
- B. Its outstanding shares are sold.
- *C. Its profits increase.

Correct! When a company is more profitable, its stock is in higher demand, and higher demand means a higher price.

D. Its market capitalization declines.

Global Incorrect Feedback

The correct answer is: Its profits increase. When a company is more profitable, its stock is in higher demand, and higher demand means a higher price.

Question 17b of 30

(3 The game of economics 242966)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: What is most likely to push the price of a company's stock higher?

Choice Feedback

*A. An increase in demand for the company's stock

Correct! Stocks, like other goods, follow the law of supply and demand, so an increase in demand leads to higher prices.

B. An increase in demand for the company's products

C.

An increase in the exchange rate for the U.S. dollar

D.

An increase in tariffs paid by the company's competitors

Global Incorrect Feedback

The correct answer is: An increase in demand for the company's stock. Stocks, like other goods, follow

the law of supply and demand, so an increase in demand leads to higher prices.

Question 17c of 30

(3 The game of economics 242967)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is most likely to lead to a decrease in the price of a company's stock?

Choice Feedback

*A. Its annual profits decrease.

Correct! When a company is less profitable, there's less demand for its stock, and lower demand means a lower price.

B. Its outstanding shares are sold.

C. Its suppliers decrease their prices.

D. Its competitors go out of business.

Global Incorrect Feedback

The correct answer is: Its annual profits decrease. When a company is less profitable, there's less demand for its stock, and lower demand means a lower price.

Question 18a of 30

(2 The game of economics 242968)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Why is it possible to make money in the currency exchange market?

Choice Feedback

A. Inflation always drives up the value of money.

B. Governments always buy their own currencies.

*C. Exchange rates are always fluctuating.

Correct! With fluctuating exchange rates, currency speculators can buy low and sell high to make a profit.

D. Some currencies are minted with precious metals.

Global Incorrect Feedback

The correct answer is: Exchange rates are always fluctuating. With fluctuating exchange rates, currency speculators can buy low and sell high to make a profit.

Question 18b of 30

(2 The game of economics 242969)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Buying a bond is similar to which of the following?

Choice Feedback

A. Paying a dividend

*B. Giving a loan

Correct! A bond issuer gives a bond buyer a promise of repayment at a later date just as a borrower promises a bank to pay back a loan.

C. Getting a mortgage

D. Going into credit card debt

Global Incorrect Feedback

The correct answer is: Giving a loan. A bond issuer gives a bond buyer a promise of repayment at a later date just as a borrower promises a bank to pay back a loan.

Question 18c of 30

(2 The game of economics 242970)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: What kind of goods are sold in the commodity market?

Choice Feedback

A. Normal

B. Monetary

C. Substitution

*D. Unprocessed

Correct! Commodities are raw, unprocessed goods that are used in the production of other goods.

Global Incorrect Feedback

The correct answer is: Unprocessed. Commodities are raw, unprocessed goods that are used in the production of other goods.

Question 19a of 30

(2 The game of economics 242971)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: When a company goes public, it begins doing what?

Choice Feedback

A. Issuing government bonds

B. Offering new products for sale

C. Paying corporate income taxes

*D. Selling shares of stock

Correct! An initial public offering (IPO) is when a private company becomes a public one.

Global Incorrect Feedback

The correct answer is: Selling shares of stock. An initial public offering (IPO) is when a private company becomes a public one.

Question 19b of 30

(2 The game of economics 242972)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: An initial public offering (IPO) is when a company does what?

Choice Feedback

- A. Enters into a new partnership
- B. Offers a new line of products
- *C. Begins selling stock to the public

Correct! An initial public offering (IPO) is when a private company becomes a public one.

- D. Gets taken over by the government

Global Incorrect Feedback

The correct answer is: Begins selling stock to the public. An initial public offering (IPO) is when a private company becomes a public one.

Question 19c of 30

(2 The game of economics 242973)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: The purpose of an initial public offering (IPO) is to do what?

Choice Feedback

- A. Get unlimited liability
- B. Break into a monopoly market
- C. Comply with government regulations
- *D. Raise money

Correct! A company can raise money by selling shares of ownership in itself.

Global Incorrect Feedback

The correct answer is: Raise money. A company can raise money by selling shares of ownership in itself.

Question 20a of 30

(3 The game of economics 242974)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2 Question: Match each type of tax with an example of its use.

Choice Text

Correct Match

Match Text

- A. Capital gains tax B. 9% tax on all sales
- B. Consumption tax D. 10% tax on gambling winnings
- C. Excise tax C. \$0.30 tax on a gallon gasoline
- D. Sin tax A. 15% on profits from stock sales

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Capital gains tax: 15% on profits from stock sales; Consumption tax: 9% tax on all sales; Excise tax: \$0.30 tax on a gallon gasoline; Sin tax: 10% tax on gambling winnings.

Question 20b of 30

(3 The game of economics 242975)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2 Question: Match each type of tax with an example of its use.

Choice Text

Correct Match

Match Text

- A. Capital gains tax A. 10% on profits from the sale of a house
- B. Consumption tax D. 15% tax to pay for Social Security
- C. Excise tax C. \$5 tax on a cable television line
- D. Payroll tax B. 6% tax on all sales

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Capital gains tax: 10% on profits from the sale of a house; Consumption tax: 6% tax on all sales; Excise tax: \$5 tax on a cable television line; Payroll tax: 15% tax to pay for Social Security.

Question 20c of 30

(3 The game of economics 242976)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2

Question: Match each type of tax with an example of its use.

Choice Text

Correct Match

Match Text

A. Consumption tax D. 10% tax on gambling winnings

B. Income tax B. 20% tax on wages earned

C. Excise tax C. \$0.30 tax on a gallon gasoline

D. Sin tax A. 9% tax on the sale of luxuries

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Consumption tax: 9% tax on the sale of luxuries; Income tax: 20% tax on wages earned; Excise tax: \$0.30 tax on a gallon gasoline; Sin tax: 10% tax on gambling winnings.

Question 21a of 30

(2 The game of economics 242977)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: The government needs to provide public goods for what reason?

Choice Feedback

*A. Private companies cannot profit by providing them.

Correct! The non-excludability of public goods makes it difficult to profit from them.

B.

They are necessary for raising the standard of living.

C.

The government can reduce taxes by profiting from public goods.

D.

Citizens demand government regulation to protect their freedom.

Global Incorrect Feedback

The correct answer is: Private companies cannot profit by providing them. The non- excludability of public goods makes it difficult to profit from them.

Question 21b of 30

(2 The game of economics 242978)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why are private companies unlikely to provide public goods?

Choice Feedback

A.

Public goods are inferior goods that can never be sold for a very high price.

B.

Private companies are prevented by the government from producing public goods.

C.

The fungibility of public goods makes it easy for consumers to substitute merit goods.

***D.**

The non-excludability of public goods makes it difficult to profit from them.

Correct! Non-excludable goods have a free-rider problem that undercuts profits.

Global Incorrect Feedback

The correct answer is: The non-excludability of public goods makes it difficult to profit from them. Non-excludable goods have a free-rider problem that undercuts profits.

Question 21c of 30

(2 The game of economics 242979)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these prevents private companies from deciding to produce public goods?

Choice Feedback

A. Government regulations

B. Protective tariffs

C. Decreasing marginal utility

***D. The profit motive**

Correct! The non-excludability of public goods makes it difficult to profit from them.

Global Incorrect Feedback

The correct answer is: The profit motive. The non-excludability of public goods makes it difficult to profit from them.

Question 22a of 30

(1 The game of economics 242980)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Which of these promotes greater efficiency and lower prices by protecting competition?

Choice Feedback

*A. Antitrust laws

Correct! Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.

B. Small-claims courts

C. Government contractors

D. Environmental-protection laws

Global Incorrect Feedback

The correct answer is: Antitrust laws. Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.

Question 22b of 30

(1 The game of economics 242981)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Antitrust laws promote greater efficiency and lower prices by protecting what?

Choice Feedback

A. Workers

B. Consumers

*C. Competition

Correct! Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.

D. Infant industries

Global Incorrect Feedback

The correct answer is: Competition. Antitrust laws prevent market concentration to ensure that companies have to remain efficient and productive in order to make profits.

Question 22c of 30

(1 The game of economics 242982)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Antitrust laws protect competition and bring about lower what?

Choice Feedback

A. Efficiency

B. Wages

C. Taxes

*D. Prices

Correct! Antitrust laws prevent market concentration to ensure that companies remain efficient and

charge low prices in order to attract customers.

Global Incorrect Feedback

The correct answer is: Prices. Antitrust laws prevent market concentration to ensure that companies remain efficient and charge low prices in order to attract customers.

Question 23a of 30

(3 The game of economics 242983)

Maximum Attempts: 1 Question Type: Matching

Maximum Score: 2

Question: Match each unfair business practice with an example of its use.

Choice Text

Correct Match

Match Text

A. Predatory pricing C.

Local pizza delivery companies agree to charge \$20 for a large cheese pizza.

B. Making misleading statements

A.

A large auto maker charges a price below production cost in order to eliminate small competitors.

C. Price fixing B.

A juice company falsely claims that its drinks reduce the incidence of heart attacks.

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Predatory pricing: A large auto maker charges a price below production cost in order to eliminate small competitors; Making misleading statements: A juice company falsely claims that its drinks reduce the incidence of heart attacks; Price fixing: Local pizza delivery companies agree to charge \$20 for a large cheese pizza.

Question 23b of 30

(3 The game of economics 242984)

Maximum Attempts: 1

Question Type: Matching

Maximum Score: 2 Question: Match each action with the unfair business practice it represents.

Choice Text

Correct Match

Match Text

A. Bid rigging A.

A defense contractor gets its competitors to agree to enter low bids.

B. Production limitation C. Local coffee shops agree to charge \$3 for a cup of coffee.

C. Price fixing B.

A group of oil companies agrees to reduce the amount of oil each member produces.

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Bid rigging: A defense contractor gets its competitors to agree to enter low bids; Production limitation: A group of oil companies agrees to reduce the amount of oil each member produces; Price fixing: Local coffee shops agree to charge \$3 for a cup of coffee.

Question 23c of 30

(3 The game of economics 242985)

Maximum Attempts: 1

Question Type: Matching Maximum Score: 2

Question: Match each type of unfair business practice with its description.

Choice Text

Correct Match

Match Text

A. Vendor lock-in C.

A large company charges a price below production cost in order to eliminate small competitors.

B. Price fixing B.

A group of companies agrees that all of them will charge the same price.

C. Predatory pricing A.

A company says that a wide range of products can be used with its product but this is not true.

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Vendor lock-in: A company says that a wide range of products can be used with its product but this is not true; Price fixing: A group of companies agrees that all of them will charge the same price; Predatory pricing: A large company charges a price below production cost in order to eliminate small competitors.

Question 24a of 30

(2 The game of economics 242986)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Rationing is an attempt to limit shortages that naturally result from what?

Choice Feedback

A. Boycott

*B. Price ceiling

Correct! Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.

C. Trade embargo

D. Protective tariff

Global Incorrect Feedback

The correct answer is: Price ceiling. Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.

Question 24b of 30

(2 The game of economics 242987)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: In order to limit the shortages that naturally result from a price ceiling, the government can do what to certain goods?

Choice Feedback

A. Tax

B. Produce

*C. Ration

Correct! Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.

D. Subsidize

Global Incorrect Feedback

The correct answer is: Ration. Rationing makes sure that a limited supply of goods is more evenly distributed so that no one does without something crucial.

Question 24c of 30

(2 The game of economics 242988)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: The government sets a price floor in order to protect what?

Choice Feedback

A. Domestic workers

*B. A vulnerable industry

Correct! By guaranteeing a certain minimum price, a price floor makes sure that companies that might not be profitable are able to survive.

- C. International trade
- D. Low-income consumers

Global Incorrect Feedback

The correct answer is: A vulnerable industry. By guaranteeing a certain minimum price, a price floor makes sure that companies that might not be profitable are able to survive.

Question 25a of 30

(3 The game of economics 242989)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: When does Country A have a comparative advantage over Country B in the production of televisions?

Choice Feedback

- A. Country A can produce televisions more cheaply.
- B. Country B charges higher prices for its televisions.

C.

Country B experiences decreasing marginal utility in its production of televisions.

***D.**

Correct! Comparative advantage exists when there's no more efficient way of using your productive resources.

Global Incorrect Feedback

The correct answer is: Country A has a lower opportunity cost for producing televisions. Comparative advantage exists when there's no more efficient way of using your productive resources.

Question 25b of 30

(3 The game of economics 242990)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: When does County X have a comparative advantage in the production of coffee?

Choice Feedback

A.

Country A has a lower opportunity cost for producing televisions.
Country X allows coffee growers to pay very low wages to their workers.

B.

Country X has a higher protective tariff on coffee than any other country.

C.

Country X has the right climate and geography to grow a lot of coffee for export.

***D.**

Correct! Comparative advantage exists when there's no more efficient way of using your productive resources.

Global Incorrect Feedback

The correct answer is: Country X doesn't give up a more efficient form of production in order to grow coffee. Comparative advantage exists when there's no more efficient way of using your productive resources.

Question 25c of 30

(3 The game of economics 242991)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: When does Country X have an absolute advantage over Country Y in the production of corn?

Choice Feedback

***A.**

Country X doesn't give up a more efficient form of production in order to grow coffee.

Correct! Absolute advantage exists when production is at its peak of efficiency.

B.

Country X can grow corn more cheaply than Country Y.

Country Y has high opportunity costs for growing corn.

C.

The population of Country X consumes less corn than is grown.

D.

The global demand for corn is higher than the supply from Country Y.

Global Incorrect Feedback

The correct answer is: Country X can grow corn more cheaply than Country Y. Absolute advantage exists when production is at its peak of efficiency.

Question 26a of 30

(1 The game of economics 242992)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2 Question: Which of these results from the mobility of production that characterizes the current global economy?

Choice Feedback

***A. Outsourcing**

Correct! Companies can send jobs overseas when it's possible to move productive processes around the world more easily.

B. Protectionism

C. Immigration

D. Terrorism

Global Incorrect Feedback

The correct answer is: Outsourcing. Companies can send jobs overseas when it's possible to move productive processes around the world more easily.

Question 26b of 30

(1 The game of economics 242993)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Companies use offshoring in order to do what?

Choice Feedback

A. Lobby the government

B. Increase market share

*C. Reduce labor costs

Correct! Offshoring manufacturing or service to low-cost countries helps companies keep their productive costs and prices down.

D. Protect infant industries

Global Incorrect Feedback

The correct answer is: Reduce labor costs. Offshoring manufacturing or service to low-cost countries helps companies keep their productive costs and prices down.

Question 26c of 30

(1 The game of economics 242994)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Low wages in the underdeveloped world give U.S. companies an incentive to do what?

Choice Feedback

A. Lobby

B. Boycott

C. Colonize

*D. Outsource

Correct! Companies can keep production costs and prices down by using cheaper labor.

Global Incorrect Feedback

The correct answer is: Outsource. Companies can keep production costs and prices down by using cheaper labor.

Question 27a of 30

(2 The game of economics 242995)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: Why is renting an apartment usually cheaper than buying a house?

Choice Feedback

- A. Apartments are usually smaller than houses.
- B. Leases have lower interest rates than mortgages.
- C.**

Renting involves hidden costs like the security deposit.

***D.**

Correct! Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.

Global Incorrect Feedback

The correct answer is: Buying a house is an investment that pays off in the long run. Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.

Question 27b of 30

(2 The game of economics 242996)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: Why is buying a house a better investment than renting an apartment?

Choice Feedback

***A.**

Buying a house is an investment that pays off in the long run.

Mortgage payments increase the homeowner's Correct! equity.

Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.

- B. Housing prices increase faster than rents.
- C. Leases have higher interest than mortgages.
- D. Houses are generally larger than apartments.

Global Incorrect Feedback

The correct answer is: Mortgage payments increase the homeowner's equity. Buying a house involves paying off a loan and eventually owning the home, while renting is just giving money to a landlord.

Question 27c of 30

(2 The game of economics 242997)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Which of these is a disadvantage of buying a house instead of renting?

Choice Feedback

A. Homeowners have to get liability insurance.

*B. Homeowners must pay for all repairs themselves.

Correct! The landlord, not the renter, pays for repairs to an apartment.

C. Homeowners are in a higher income tax bracket.

D.

Homeowners are not allowed to move out when they want.

Global Incorrect Feedback

The correct answer is: Homeowners must pay for all repairs themselves. The landlord, not the renter, pays for repairs to an apartment.

Question 28a of 30

(3 The game of economics 242998)

Maximum Attempts: 1

Question Type: Matching Maximum Score: 2

Question: Match each type of insurance with an example of what it would pay for.

Choice Text

Correct Match

Match Text

A. Auto insurance C. Funeral expenses

B. Renter's insurance D. A trip to the emergency room

C. Life insurance A. Repair on a car involved in an accident

D. Health insurance B. Replacement of a computer stolen from an apartment

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Auto insurance: Repair on a car involved in an accident; Renter's insurance: Replacement of a computer stolen from an apartment; Life insurance: Funeral expenses; Health insurance: A trip to the emergency room.

Question 28b of 30

(3 The game of economics 242999)

Maximum Attempts: 1

Question Type: Matching Maximum Score: 2

Question: Match each type of insurance with an example of when the insurance company would make a payment.

Choice Text

Correct Match

Match Text

- A. Liability coverage A. You cause an accident that damages someone else's car.
- B. Disability insurance D. You go to the emergency room after a car accident.
- C. Renter's insurance C. Your stereo and computer are stolen from your apartment.
- D. Health insurance B. You have to take a month off from work because of a broken leg.

You have to take a month off from work because of a broken leg.

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Liability coverage: You cause an accident that damages someone else's car; Disability insurance: You have to take a month off from work because of a broken leg; Renter's insurance: Your stereo and computer are stolen from your apartment; Health insurance: You go to the emergency room after a car accident.

Question 28c of 30

(3 The game of economics 243000)

Maximum Attempts: 1 Question Type: Matching

Maximum Score: 2

Question: Match each type of insurance with an example of when the insurance company would make a payment.

Choice Text

Correct Match

Match Text

- A. Collision coverage A. You cause an accident that damages your vehicle.
- B. Disability insurance D. You go to the emergency room after a car accident.
- C. Homeowner's insurance C. You have a fire in your house that damages your furniture.
- D. Health insurance B. You lose your job because of a sports injury.

Attempt Incorrect Feedback

1st

Correct Feedback

Correct!

Global Incorrect Feedback

The correct answers are: Collision coverage: You cause an accident that damages your vehicle; Disability insurance: You lose your job because of a sports injury; Homeowner's insurance: You have a fire in your house that damages your furniture; Health insurance: You go to the emergency room after a car accident.

Question 29a of 30

(2 The game of economics 243001)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2

Question: What is the purpose of a budget?

Choice Feedback

- A. To pay as few taxes as possible
- B. To avoid the costs of compliance
- *C. To keep expenses below income

Correct! You can save for financial goals by bringing in more than you spend.

- D. To promote personal values and beliefs

Global Incorrect Feedback

The correct answer is: To keep expenses below income. You can save for financial goals by bringing in more than you spend.

Question 29b of 30

(2 The game of economics 243002)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: What is the goal of using a personal budget?

Choice Feedback

- A. To reduce your tax burden
- B. To eliminate your fixed expenses
- C. To maximize the return on your investments
- *D. To save for your future financial goals

Correct! By bringing in more than you spend, you will save money that can be spent later.

Global Incorrect Feedback

The correct answer is: To save for your future financial goals. By bringing in more than you spend, you will save money that can be spent later.

Question 29c of 30

(2 The game of economics 243003)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: What does a budget help you do?

Choice Feedback

- A. Get companies to change their behavior
- *B. Keep your expenses below your income

Correct! You can save for financial goals by bringing in more than you spend.

- C. Avoid being manipulated by salespeople
- D. Maximize the return on your investments

Global Incorrect Feedback

The correct answer is: Keep your expenses below your income. You can save for financial goals by bringing in more than you spend.

Question 30a of 30

(2 The game of economics 243004)

Maximum Attempts: 1 Question Type: Multiple Choice

Maximum Score: 2

Question: Why are student loans usually guaranteed by the government?

Choice Feedback

A. Banks charge low interest rates for student loans.

B.

Banks are required to maintain a certain reserve ratio.

*C. Banks don't have any collateral for student loans.

Correct! Student loans are unsecured, making them more risky than other loans.

D.

Banks would give students credit cards they can't afford.

Global Incorrect Feedback

The correct answer is: Banks don't have any collateral for student loans. Student loans are unsecured, making them more risky than other loans.

Question 30b of 30

(2 The game of economics 243005)

Maximum Attempts: 1

Question Type: Multiple Choice Maximum Score: 2

Question: Which of these is a form of self-help financial aid?

Choice Feedback

A. Liability coverage

B. Scholarships

C. Tuition fees

*D. Student loans

Correct! Student loans must be paid back, which is why students are helping themselves pay for their education rather than getting gifts.

Global Incorrect Feedback

The correct answer is: Student loans. Student loans must be paid back, which is why students are helping themselves pay for their education rather than getting gifts.

Question 30c of 30

(2 The game of economics 243006)

Maximum Attempts: 1

Question Type: Multiple Choice

Maximum Score: 2 Question: What is one of the features of most student loans?

Choice Feedback

***A.**

Correct! Banks know that students are more likely to be able to repay a loan once they've graduated and gotten a decent job.

B.

Students don't have to begin repaying until they're done with school.

Collateral is provided through the purchase of a leased automobile.

C.

Loan insurance is required in case the student suffers an injury or illness.

D.

Interest rates are high to cover the risk of students defaulting on their loans.

Global Incorrect Feedback

The correct answer is: Students don't have to begin repaying until they're done with school. Banks know that students are more likely to be able to repay a loan once they've graduated and gotten a decent job.