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| 1. The English word that comes from the Greek word for "one who manages a household" is   |  |  |  | | --- | --- | --- | |  | a. | market. | |  | b. | consumer. | |  | c. | producer. | |  | d. | economy. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 001.01.0 - MC - MANK08 | |

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| 2. The word “economy” comes from the Greek word *oikonomos*, which means   |  |  |  | | --- | --- | --- | |  | a. | “environment.” | |  | b. | “production.” | |  | c. | “one who manages a household.” | |  | d. | “one who makes decisions.” |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 002.01.0 - MC - MANK08 | |

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| 3. Resources are   |  |  |  | | --- | --- | --- | |  | a. | scarce for households but plentiful for economies. | |  | b. | plentiful for households but scarce for economies. | |  | c. | scarce for households and scarce for economies. | |  | d. | plentiful for households and plentiful for economies. |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 003.01.0 - MC - MANK08 | |

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| 4. In considering how to allocate its scarce resources among its various members, a household considers   |  |  |  | | --- | --- | --- | |  | a. | each member’s abilities. | |  | b. | each member’s efforts. | |  | c. | each member’s desires. | |  | d. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 004.01.0 - MC - MANK08 | |

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| 5. Fundamentally, economics deals with   |  |  |  | | --- | --- | --- | |  | a. | scarcity. | |  | b. | money. | |  | c. | poverty. | |  | d. | banking. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 005.01.0 - MC - MANK08 | |

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| 6. Which of the following is correct?   |  |  |  | | --- | --- | --- | |  | a. | The word economy comes from the Greek word for “rational thinker.” | |  | b. | Economists study the management of scarce resources. | |  | c. | Because economists believe that people pursue their best interests, they are not interested in how people interact. | |  | d. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.024 - Classify the different functions an economist may serve. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 006.01.0 - MC - MANK08 | |

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| 7. The overriding reason why households and societies face many decisions is that   |  |  |  | | --- | --- | --- | |  | a. | resources are scarce. | |  | b. | goods and services are not scarce. | |  | c. | incomes fluctuate with business cycles. | |  | d. | people, by nature, tend to disagree. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 007.01.0 - MC - MANK08 | |

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| 8. A society allocates its *scarce resources* to various uses. These scarce resources include   |  |  |  | | --- | --- | --- | |  | a. | land. | |  | b. | people. | |  | c. | machines. | |  | d. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 008.01.0 - MC - MANK08 | |

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| 9. The phenomenon of *scarcity* stems from the fact that   |  |  |  | | --- | --- | --- | |  | a. | most economies’ production methods are not very good. | |  | b. | in most economies, wealthy people consume disproportionate quantities of goods and services. | |  | c. | governments restrict production of too many goods and services. | |  | d. | resources are limited. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 009.01.0 - MC - MANK08 | |

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| 10. Approximately what percentage of the world's economies experience scarcity?   |  |  |  | | --- | --- | --- | |  | a. | 10% | |  | b. | 40% | |  | c. | 85% | |  | d. | 100% |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 010.01.0 - MC - MANK08 | |

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| 11. When a society cannot produce all the goods and services people wish to have, the economy is experiencing   |  |  |  | | --- | --- | --- | |  | a. | scarcity. | |  | b. | surpluses. | |  | c. | inefficiencies. | |  | d. | inequalities. |  |  |  | | --- | --- | | *ANSWER:* | a | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 011.01.0 - MC - MANK08 | |

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| 12. Which of the following products would be considered scarce?   |  |  |  | | --- | --- | --- | |  | a. | bread | |  | b. | baseballs autographed by Babe Ruth | |  | c. | motorcycles | |  | d. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 012.01.0 - MC - MANK08 | |

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| 13. In the broadest sense, economics is the study of   |  |  |  | | --- | --- | --- | |  | a. | production methods. | |  | b. | how society manages its scarce resources. | |  | c. | how households decide who performs which tasks. | |  | d. | the interaction of business and government. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 013.01.0 - MC - MANK08 | |

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| 14. The study of how society manages its scarce resources is most closely associated with which field of study?   |  |  |  | | --- | --- | --- | |  | a. | environmental studies | |  | b. | economics | |  | c. | management | |  | d. | accounting |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 014.01.0 - MC - MANK08 | |

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| 15. In most societies, resources are allocated by   |  |  |  | | --- | --- | --- | |  | a. | a single central planner. | |  | b. | a small number of central planners. | |  | c. | those firms that use resources to provide goods and services. | |  | d. | the combined actions of millions of households and firms. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Economic systems | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 015.01.0 - MC - MANK08 | |

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| 16. Coal is considered to be a non-renewable energy source. Which of the following statements is correct?   |  |  |  | | --- | --- | --- | |  | a. | Coal is an unlimited resource. | |  | b. | Coal is a scarce resource. | |  | c. | Coal is a non-scarce resource. | |  | d. | Coal is not a resource. |  |  |  | | --- | --- | | *ANSWER:* | b | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Application | | *CUSTOM ID:* | 016.01.0 - MC - MANK08 | |

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| 17. Which of the following is *not* an example of scarcity?   |  |  |  | | --- | --- | --- | |  | a. | Only some people can afford to buy a BMW automobile. | |  | b. | Every individual in society cannot attain the highest standard of living to which he or she might aspire. | |  | c. | Miranda has more oranges in her orchard than she will ever use. | |  | d. | Each member of a household cannot get everything he or she wants. |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Application | | *CUSTOM ID:* | 017.01.0 - MC - MANK08 | |

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| 18. Economics is the study of how society manages its   |  |  |  | | --- | --- | --- | |  | a. | limited wants and unlimited resources. | |  | b. | unlimited wants and unlimited resources. | |  | c. | limited wants and limited resources. | |  | d. | unlimited wants and limited resources. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 018.01.0 - MC - MANK08 | |

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| 19. Which of the following is a decision that economists study?   |  |  |  | | --- | --- | --- | |  | a. | how much people work | |  | b. | what people buy | |  | c. | how much money people save | |  | d. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.024 - Classify the different functions an economist may serve. | | *TOPICS:* | Economic thinking | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 019.01.0 - MC - MANK08 | |

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| 20. Which of the following is an example of something economists study?   |  |  |  | | --- | --- | --- | |  | a. | Mitch chooses to work overtime to earn extra income for his family. | |  | b. | Megan sells her physics textbook from last semester to her roommate for half the price of a new textbook. | |  | c. | The unemployment rate in the United States has fallen by two percentage points in the last few years. | |  | d. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | ECON.MANK.024 - Classify the different functions an economist may serve. | | *TOPICS:* | Economic thinking | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 020.01.0 - MC - MANK08 | |

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| 21. What term refers to the idea that society has limited resources and therefore cannot produce all the goods and services people wish to have?   |  |  |  | | --- | --- | --- | |  | a. | inefficiency | |  | b. | inequality | |  | c. | scarcity | |  | d. | market failure |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Economic thinking Scarcity | | *KEYWORDS:* | BLOOM'S: Knowledge | | *CUSTOM ID:* | 021.01.0 - MC - MANK08 | |

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| 22. Which of the following is a subject that economists study?   |  |  |  | | --- | --- | --- | |  | a. | the growth in average income | |  | b. | the fraction of the population that cannot find work | |  | c. | the rate at which prices are rising | |  | d. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.024 - Classify the different functions an economist may serve. | | *TOPICS:* | Economic thinking | | *KEYWORDS:* | BLOOM'S: Comprehension | | *CUSTOM ID:* | 022.01.0 - MC - MANK08 | |

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| 23. A variety of fuels can be used to generate electricity. Considering only the availability of the fuel and not the cost of converting it into electricity, which of the following fuels is most scarce?   |  |  |  | | --- | --- | --- | |  | a. | ​wind power | |  | b. | ​solar energy | |  | c. | ​fossil fuel | |  | d. | ​hydro-power |  |  |  | | --- | --- | | *ANSWER:* | c | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Scarcity | | *KEYWORDS:* | BLOOM'S: Application | | *CUSTOM ID:* | 023.01.0 - MC - MANK08 | |

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| 24. Which of the following is not subject to scarcity?​   |  |  |  | | --- | --- | --- | |  | a. | ​water | |  | b. | ​steel | |  | c. | ​diamonds | |  | d. | none of the above |  |  |  | | --- | --- | | *ANSWER:* | d | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | ECON.MANK.012 - Apply basic, economic principles of individual decision making that determine how an economy generally works. | | *TOPICS:* | Scarcity | | *KEYWORDS:* | BLOOM'S: Application | |