

## Chapter 13 Test

### Key Terms

From the box below, choose the term that matches each definition. Write the letter of the answer in the space provided.

- |                          |                        |                   |
|--------------------------|------------------------|-------------------|
| a. quantity              | d. mixed economy       | g. invest         |
| b. command economy       | e. traditional economy | h. technology     |
| c. factors of production | f. consumption         | i. market economy |

- \_\_\_ 1. how much
- \_\_\_ 2. use your money to help a business get started
- \_\_\_ 3. an economy that is a combination of the three basic systems
- \_\_\_ 4. the buying or using of goods and services
- \_\_\_ 5. resources for producing goods and services to satisfy people's wants
- \_\_\_ 6. an economy in which basic decisions are made according to custom
- \_\_\_ 7. the government or a central authority makes basic economic decisions
- \_\_\_ 8. the practical application of science to commerce or industry
- \_\_\_ 9. people make their own choices about production and consumption

### Main Ideas

Write the letter of the correct answer in the space provided.

- \_\_\_ 10. Limited resources compared to people's wants is known as
  - a. scarcity.
  - b. opportunity cost.
  - c. profit.
  - d. capital.
- \_\_\_ 11. Which is considered capital when used to produce goods and services?
  - a. time
  - b. water
  - c. skills
  - d. machines
- \_\_\_ 12. Which of the following is an example of free enterprise?
  - a. government price limits on oil
  - b. amounts of food awarded on the basis of an individual's role in the hunt
  - c. privately owned shops that sell consumer goods
  - d. public education
- \_\_\_ 13. Which of the following is an important feature of capitalism?
  - a. Capital is government owned.
  - b. Capital is privately owned.
  - c. Use of capital is controlled by tradition.
  - d. all of the above

- \_\_\_\_ 14. People looking for a profit may hope that
  - a. the cost of production will be lower than the price paid by the buyer.
  - b. their investment in a new business will help it grow.
  - c. their product or service will be better than a competitor's.
  - d. all of the above
  
- \_\_\_\_ 15. If someone decides that the cost of taking a job is greater than its benefits, the decision was based on
  - a. opportunity cost.
  - b. capitalism.
  - c. consumption.
  - d. scarcity.
  
- \_\_\_\_ 16. Which statement is true?
  - a. People's wants never change.
  - b. People who live in the same place have the same wants.
  - c. Many wants may occur over and over again.
  - d. People are satisfied if their basic wants are met.
  
- \_\_\_\_ 17. What are the basic factors of production in an economy?
  - a. food, clothing, and shelter
  - b. buyers, sellers, and consumers
  - c. produce, distribute, and consume
  - d. labor, land, and capital

**Critical Thinking**

Answer each of the following questions in the lines provided. Write your answers in complete sentences.

- 18. **Compare** Describe the differences in how basic economic decisions are made in these three types of economies: traditional, command, and market.

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- 19. **Make decisions** As a farmer, what factors will you consider when making decisions about what and how much to produce?

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- 20. **Summarize** Explain the steps in the want-satisfaction chain.

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