

Chapter 14 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. interest	c. entrepreneur	e. strike	g. sole proprietorship
b. partnership	d. boycott	f. market price	h. supply

- _____ 1. refuse to buy a product
- _____ 2. a business owned by an individual
- _____ 3. a person who starts a business
- _____ 4. stop working unless employers meet certain demands
- _____ 5. the payment for the use of capital
- _____ 6. the price at which buyers and sellers agree to trade
- _____ 7. the amount of a product that producers are willing and able to offer at different prices
- _____ 8. a type of business in which two or more people share ownership

Main Ideas

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

- _____ 9. An agreement about wages and working conditions is part of a process called

a. a boycott.	c. a profit.
b. collective bargaining.	d. a lockout.
- _____ 10. Which is *not* something that labor unions are concerned about improving?

a. wages	c. rent for the use of land
b. working conditions	d. rights of members
- _____ 11. A corporation can have debts, hire workers, and make profits because
 - a. it is separate from those who own it and legally acts as a single person.
 - b. the ownership is shared by more than one person.
 - c. it can raise large amounts of money to help it grow.
 - d. it is limited by government regulations.
- _____ 12. Buying more of a product because the price is low demonstrates

a. the way a price is determined.	c. the balance called market price.
b. the law of supply.	d. the law of demand.

- ____ 13. The American economy is based on a circular flow of
 - a. goods and services.
 - b. land, labor, capital, and money.
 - c. goods, services, labor, and money.
 - d. producers, goods, consumers, and labor.

- ____ 14. Which type of business can produce goods and services most efficiently?
 - a. small corporations
 - b. partnerships
 - c. large corporations
 - d. sole proprietorships

- ____ 15. With the decline of manufacturing industries over the last several decades, what has grown in importance?
 - a. membership in labor unions
 - b. the service sector
 - c. the farming industry
 - d. none of the above

- ____ 16. Someone who has a new idea and raises money to start a business is called
 - a. an entrepreneur.
 - b. an economist.
 - c. a stockholder.
 - d. a consumer.

- ____ 17. Which type of business has the most risk for its owner?
 - a. small corporations
 - b. partnerships
 - c. large corporations
 - d. sole proprietorships

Critical Thinking

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

18. **Identify cause and effect** Identify at least two changes in American society that led to the rise of labor unions.

19. **Contrast** Explain the advantages and disadvantages of the three basic types of business ownership: sole proprietorship, partnership, and corporation.

20. **Summarize** Explain how price affects both the law of supply and the law of demand.
