

## Final Exam Review Worksheet

1. The fundamental problem of Economics is
  - a. How to solve income inequality
  - b. The inability to use resources efficiently
  - c. The inability to cooperate
  - d. The inability to satisfy unlimited wants with limited resources
2. Using the following information, calculate GDP  
Consumer Goods:           \$6,200  
Business Goods:           \$2,300  
Government Spending:       \$1,020  
Imports:                    \$800  
Exports:                    \$300
  - a. \$10,020                   c. \$8,020
  - b. \$9,020                    d. \$9,080
3. Who assumes the risks and uncertainties of owning a business?
  - a. Consumers                   c. The government
  - b. The invisible hand        d. Entrepreneurs
4. The two forces in Adam Smith's "invisible hand" are
  - a. Self-interest and competition        c. efficiency and self-interest
  - b. Efficiency and competition   d. competition and specialization
5. The three basic questions that every society has to answer are...
6. Which of these best describes what would happen if there were a shortage
  - a. Quantity demanded will be greater than quantity supplied
  - b. Quantity supplied will be greater than quantity demanded
  - c. Prices will decrease
  - d. There will be excess supply
7. If there is a surplus
  - a. Quantity demanded will be greater than quantity supplied
  - b. Quantity supplied will be greater than quantity demanded
  - c. Prices will increase
  - d. There will be a shortage
8. What is the **most important** goal of "tight" money policy?

- a. Decrease inflation
  - b. Increase credit
  - c. Increase economic growth
  - d. Lower interest rates
9. Which of these assets is the **most** liquid?
- a. Money in a CD
  - b. A savings bond
  - c. Money in a savings account
  - d. A car
10. A market structure dominated by a few large firms
- a. Perfect competition
  - b. Monopolistic Competition
  - c. Oligopoly
  - d. Monopoly
11. Which of the following would cause demand to shift to the **right**?
- a. A decrease in population
  - b. A good ad campaign
  - c. An increase in the price of a complement
  - d. A decrease in the cost of production
12. The government providing unemployment benefits is an example of what government role?
- a. Redistribution of income
  - b. Solving the free-rider problem
  - c. Correcting externalities
  - d. Monetary Policy
13. To reduce debt, the government could
- a. Cut taxes
  - b. Cut Spending
  - c. Raise taxes and/or cut spending
  - d. Cut taxes and/or raise spending
14. The Federal Government's use of taxes and spending to influence the economy is...
15. The Federal Reserve does all of the following EXCEPT for
- a. Regulating banking
  - b. Fiscal Policy
  - c. Monetary Policy
  - d. Providing financial services