

Economics®

Quiz: Post Theme 1.2: Allocation and Decision Making

Circle the best answer for each question.

1. **What method of decision making for a consumer would an economist argue is most effective?**
 - a. comparing the opportunity costs of alternatives
 - b. finding the lowest possible prices for goods and services
 - c. eliminating the most expensive choices from consideration
 - d. using the most popular brands when selecting goods or services
2. **When setting up a budget, the first step is _____.**
 - a. counting your money
 - b. getting a job
 - c. mapping out your consumption
 - d. writing down all of your wants
3. **Which decision could you make using the PACED model?**
 - a. where to shop for school supplies
 - b. which route to take to school
 - c. which subject to pursue a college degree in
 - d. all of the above
4. **When you consider the extra costs or benefits of a decision you make, what type of thinking are you applying to your decision?**
 - a. marginal
 - b. incentives
 - c. opportunity cost
 - d. substitutions
5. **How do consumers demonstrate diminishing marginal utility?**
 - a. by reducing their total spending on wants
 - b. by increasing the total amount of goods they buy
 - c. by searching for cheaper alternatives
 - d. by decreasing the amount they are willing to pay for additional goods

6. **In one hour of work, Jodi can make 10 plates and 5 boxes, Sam can make 8 plates and 6 boxes, Shanice can make 10 plates and 7 boxes, and Anthony can make 8 plates and 8 boxes. They have agreed to specialize and trade what each one makes. Which specialization arrangement will help the group benefit the most from trade after one hour of work?**
- a. Jodi and Shanice should make plates while Sam and Anthony should make boxes.
 - b. Jodi and Sam should make plates while Shanice and Anthony should make boxes.
 - c. Sam and Shanice should make plates while Jodi and Anthony should make boxes.
 - d. Anthony and Sam should make plates while Jodi and Shanice should make boxes.
7. **What is NOT one of three basic concepts all economic systems must address?**
- a. which goods and services will be produced
 - b. who the consumers of goods and services will be
 - c. what prices government will charge for goods and services
 - d. what resources will be used to produce goods and services
8. **Which economic scenario is truer for a command economy than a free market economy?**
- a. Producers have incentives to improve production methods.
 - b. Consumers usually have more products and services to choose from.
 - c. People have more job security.
 - d. Government officials produce a surplus of consumer goods.
9. **Which type of economy relies on social customs to answer the economic questions of the nation?**
- a. traditional economy
 - b. free market economy
 - c. command economy
 - d. mixed market economy