

**1 Definition of Economics**

1) All economic questions are about

- A) how to make money.
- B) what to produce.
- C) how to cope with scarcity.
- D) how to satisfy all our wants.

Answer: C

Topic: Scarcity

Skill: Recognition

Status: Old

AACSB: Reflective thinking

2) All economic questions arise because we

- A) want more than we can get.
- B) want more than we need.
- C) have an abundance of resources.
- D) have limited wants that need to be satisfied.

Answer: A

Topic: Scarcity

Skill: Recognition

Status: Old

AACSB: Reflective thinking

3) Economics is best defined as the study of how people, businesses, governments, and societies

- A) choose abundance over scarcity.
- B) make choices to cope with scarcity.
- C) use their infinite resources.
- D) attain wealth.

Answer: B

Topic: Scarcity

Skill: Conceptual

Status: Old

AACSB: Reflective thinking

4) Scarcity is a situation in which

- A) people cannot satisfy all their wants.
- B) most people can get only bare necessities.
- C) people can satisfy all their wants.
- D) some people can get all they want and some cannot.

Answer: A

Topic: Scarcity

Skill: Recognition

Status: Old

AACSB: Reflective thinking

5) Economists point out that scarcity confronts

- A) neither the poor nor the rich.
- B) the poor but not the rich.
- C) the rich but not the poor.
- D) both the poor and the rich.

Answer: D

Topic: Scarcity

Skill: Conceptual

Status: Old

AACSB: Ethical understanding and reasoning

6) Scarcity is

- A) our inability to satisfy all our wants.
- B) a situation that exists during economic recessions but not during economic booms.
- C) eliminated by choices.
- D) an economic problem only for poor people.

Answer: A

Topic: Scarcity

Skill: Recognition

Status: Old

AACSB: Reflective thinking

7) When an economist talks of scarcity, the economist is referring to the

- A) ability of society to employ all of its resources.
- B) ability of society to consume all that it produces.
- C) inability of society to satisfy all human wants because of limited resources.
- D) ability of society to continually make technological breakthroughs and increase production.

Answer: C

Topic: Scarcity

Skill: Recognition

Status: Old

AACSB: Reflective thinking

8) Fundamental economic problems basically arise from

- A) the fact that society has more than it needs.
- B) turmoil in the stock market.
- C) the unequal distribution of income.
- D) our wants exceeding our scarce resources.

Answer: D

Topic: Scarcity

Skill: Recognition

Status: Old

AACSB: Reflective thinking