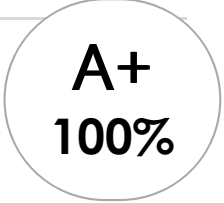


## 24 Multiple choice questions



**A+**  
**100%**

1. items produced for the immediate satisfaction of the individual and community needs and wants
  - a. **CORRECT: consumer goods and services**
  - b. labour resources
  - c. capital resources
  - d. consumer sovereignty
  
2. the interaction of demand for and supply of the outputs of production
  - a. injections
  - b. **CORRECT: product market**
  - c. price mechanism
  - d. factor market
  
3. the total market value of all final goods and services produced in an economy over a period of time
  - a. factors of production
  - b. **CORRECT: gross domestic product (GDP)**
  - c. economic growth
  - d. human development index (HDI)
  
4. the items that remove money from the circular flow of income, decreasing aggregate income and the general level of economic activity; these include savings, taxation and imports
  - a. recession
  - b. merit goods
  - c. injections
  - d. **CORRECT: leakages**
  
5. the cost of satisfying one want over an alternative want
  - a. **CORRECT: opportunity cost**
  - b. competition
  - c. product market
  - d. merit goods

6. human-made goods that are used to produce other goods and services, such as plant, machinery and equipment
  - a. **CORRECT: capital resources**
  - b. labour resources
  - c. capital goods
  - d. natural resources
  
7. the manner in which consumers, collectively through market demand, determine what is produced and the quantity of production
  - a. economic growth
  - b. consumer goods and services
  - c. **CORRECT: consumer sovereignty**
  - d. labour resources
  
8. the process by which the forces of supply and demand interact to determine the market price at which goods and services are sold, and the quantity produced
  - a. **CORRECT: price mechanism**
  - b. injections
  - c. mixed economy
  - d. product market
  
9. fluctuations in the level of economic growth due to either domestic or international factors
  - a. recession
  - b. mixed economy
  - c. labour resources
  - d. **CORRECT: business cycle**
  
10. the physical and mental capacities of people that are used to produce goods and services
  - a. capital resources
  - b. natural resources
  - c. **CORRECT: labour resources**
  - d. factor market

11. the resources provided by nature that are used to produce goods and services
  - a. **CORRECT: natural resources**
  - b. capital goods
  - c. labour resources
  - d. capital resources
  
12. flows of money that increase aggregate income and the general level of economic activity; these include investment, government spending and exports
  - a. competition
  - b. recession
  - c. **CORRECT: injections**
  - d. leakages
  
13. the stage of the business cycle where there is decreasing economic activity, defined as two consecutive quarters of negative economic growth
  - a. **CORRECT: recession**
  - b. leakages
  - c. injections
  - d. competition
  
14. where there is an increase in real GDP
  - a. product market
  - b. capital goods
  - c. merit goods
  - d. **CORRECT: economic growth**
  
15. a market for any input into the production process, including land, labour, capital and enterprise
  - a. **CORRECT: factor market**
  - b. labour resources
  - c. product market
  - d. capital goods

16. an economic system where the decisions concerning production and distribution are made by a combination of market forces and government decisions
- a. **CORRECT: mixed economy**
  - b. injections
  - c. recession
  - d. merit goods
17. when the sum of all the leakages is equal to the sum of all the injections in an economy
- a. **CORRECT: equilibrium**
  - b. competition
  - c. recession
  - d. merit goods
18. the way in which an economy's income is spread among the members of different social and socio-economic groups
- a. opportunity cost
  - b. merit goods
  - c. **CORRECT: distribution of income**
  - d. business cycle
19. a measure of economic development devised by the United Nations Development Program; takes into account life expectancy at birth, levels of educational attainment and material living standards
- a. gross domestic product (GDP)
  - b. mixed economy
  - c. **CORRECT: human development index (HDI)**
  - d. economic growth
20. goods that are not produced in sufficient quantity by the private sector because private individuals do not place sufficient value on those goods
- a. **CORRECT: merit goods**
  - b. leakages
  - c. capital goods
  - d. competition

21. a graphical representation of all the possible combinations of the production of two goods or services that the economy can produce at any given time
- a. **CORRECT: production possibility frontier**
  - b. product market
  - c. economic growth
  - d. opportunity cost
22. any resources that can be used in the production of goods and services; these include natural resources, capital, labour and enterprise
- a. factor market
  - b. **CORRECT: factors of production**
  - c. competition
  - d. economic growth
23. the pressure on business firms in a market economy to lower prices or improve the quality of output to increase their sales of goods and services to consumers
- a. merit goods
  - b. injections
  - c. **CORRECT: competition**
  - d. recession
24. items that have not been produced for immediate consumption but will be used for the production of other goods
- a. competition
  - b. **CORRECT: capital goods**
  - c. capital resources
  - d. merit goods