

Name _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) A capitalist economic system is one in which 1) _____
A) a central government determines production and price levels.
B) individuals and corporations own the principal means of production, through which they seek to earn profits.
C) all individuals have an equal chance of owning the principal means of production, often in the form of stock ownership.
D) private individuals act according to market principles and enhance the general welfare, with no government involvement.
E) individuals and corporations share ownership of the principal means of production, and profits are distributed equally.
- 2) As secretary of the treasury, Alexander Hamilton helped to create 2) _____
A) a mixed economy that failed and was rescued by James Madison.
B) the first successful system where the term "capitalism" was used.
C) a mixed economy in which the government was deeply involved in economic decisions.
D) a pure capitalist system, which quickly gave way because it didn't work.
E) a capitalist society in which government had no interest in the economy.
- 3) The Securities and Exchange Commission was created in order to 3) _____
A) regulate prices.
B) protect consumer interests.
C) promote free trade.
D) investigate tax fraud.
E) investigate stock fraud.
- 4) The vast majority of studies by political scientists have concluded that voters 4) _____
A) vote for candidates who promise the most.
B) vote against their personal financial interests.
C) ignore the economic consequences of government policies.
D) vote for the candidate who will benefit their financial condition the most.
E) vote solely on the basis of party identification.
- 5) On economic policy, Democrats are said to appeal more to which types of voters? 5) _____
A) The working class and union households
B) Young urban professionals
C) Soccer moms and NASCAR dads
D) Investment bankers and business professionals
E) The economic policies of Democrats have no appeal.
- 6) On economic policy, Republicans are said to appeal more to which types of voters? 6) _____
A) Union members and the working class
B) Retirees
C) Students and young adults
D) Business owners, managers, and professional people
E) There is no real voter support for Republican economic policies.

- 7) One of the chief tasks of the Bureau of Labor Statistics is to _____
A) regulate trade.
B) set the exchange rate for U.S. currency.
C) measure unemployment.
D) oversee the implementation of tax policy.
E) declare the U.S. economy is in recession.
- 8) The official unemployment rate underestimates unemployment because it leaves out _____
A) the homeless.
B) the high-tech sector.
C) housewives.
D) students.
E) discouraged workers.
- 9) The consumer price index measures _____
A) the change in the prime lending rate.
B) the change in income, controlling for periods of unemployment.
C) the change in the amount of taxes paid by individuals.
D) the change in the cost of buying a fixed basket of goods and services.
E) the change in what various incomes can buy.
- 10) Our key measure of inflation is called the _____
A) national inflation index.
B) stock market.
C) Laffer curve.
D) gross national product.
E) consumer price index.
- 11) *Laissez-faire* refers to _____
A) the economic principle that the government should not meddle with the economy.
B) the economic philosophy that the state should promote industrial development.
C) the economic principle that the state should regulate trade.
D) the policies adopted in response to the Great Depression.
E) the economic principle that the state should have a hand in steering the economy.
- 12) Monetary policy refers to _____
A) manipulation of the supply of money in private hands.
B) manipulation of the supply of credit in private hands.
C) control over the supply of money.
D) Monetary policy refers to all of the above.
E) Monetary policy refers to none of the above.
- 13) *Fiscal policy* refers to _____
A) the setting of interest rates.
B) the printing of money.
C) the creation of jobs.
D) federal taxing, spending, and borrowing.
E) None of the above is true.

- 14) Arthur Laffer is credited with founding what economic policy? 14) _____
A) Keynesian economics
B) Laissez-faire
C) Demand-side economics
D) The New Deal
E) Supply-side economics
- 15) Keynesian economic theory argues for 15) _____
A) government policies designed to control inflation.
B) lower taxes to stimulate economic growth.
C) stimulating the economy through government spending programs.
D) keeping the government's hands off the economy.
E) higher tariffs to limit imports.
- 16) Economic policy that shields an economy from imports is known as 16) _____
A) Keynesianism.
B) supply-side economics.
C) protectionism.
D) isolationism.
E) Marxism.
- 17) An employer is forbidden to fire or discriminate against a worker who advocates the possibility of unionizing under a provision of 17) _____
A) the National Labor Relations Act.
B) federal antitrust policies.
C) the Taft-Hartley Act.
D) the First Amendment.
E) Keynesianism.
- 18) The Taft-Hartley Act 18) _____
A) prohibited unfair labor practices by unions.
B) continued to guarantee union rights to collective bargaining.
C) gave the president a means to halt major strikes.
D) permitted states to adopt right-to-work laws.
E) All of the above are true.
- 19) Generally speaking, liberals look to the work of _____ to justify an expanded role for government, while conservatives look to _____ theories on the free market and arguments against government intervention. 19) _____
A) John Maynard Keynes; Milton Friedman's
B) Milton Friedman; John Maynard Keynes'
C) Adam Smith; Karl Marx's
D) Karl Mark; Adam Smith's
E) Bill Clinton; Ronald Reagan's

- 20) Which of the following is a reason that American health care expenses are so high when compared to other countries? 20) _____
- A) High-tech care is available for previously untreatable conditions.
 - B) Doctors practice "offensive medicine" to avoid medical liability.
 - C) Americans have longer hospital stays.
 - D) Americans visit the doctor more often.
 - E) All of the above are contributing reasons.
- 21) Health care costs account for what portion of America's gross domestic product? 21) _____
- A) One-fifth
 - B) One-third
 - C) One-seventh
 - D) One-sixth
 - E) One-fourth
- 22) Doctors have no reason to compete with each other to offer cheaper health care expenses because 22) _____
- A) the government mandates that everyone receives equal access to health care.
 - B) specialization has made competition unnecessary.
 - C) technology has made medical care more efficient and less costly.
 - D) insurance companies and government pay for most health care expenses.
 - E) All of the above are true.
- 23) The program that provides hospitalization insurance for elderly Americans is _____; the program that provides public assistance for health care for poor Americans is _____. 23) _____
- A) Medicaid Part A; Medicaid Part B
 - B) Social Security; Medicaid
 - C) Medicare Part A; Medicare Part B
 - D) CHIP; Medicare
 - E) Medicare; Medicaid
- 24) The National Environmental Policy Act, the Clean Air Act, and the Water Pollution Control Act are implemented by the 24) _____
- A) Department of the Interior (DOI).
 - B) Environmental Protection Agency (EPA).
 - C) Department of Transportation (DOT).
 - D) President's National Environmental Council.
 - E) Department of Energy (DOE).
- 25) Today, about 98 percent of the nation's energy comes from 25) _____
- A) coal, sunlight, and wind.
 - B) coal, oil, and natural gas.
 - C) coal, oil, and sunlight.
 - D) oil, sunlight, and wind.
 - E) oil, natural gas, and sunlight.

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 26) The average life expectancy for Americans is 78 years. 26) _____

- 27) Bill Clinton was the first U.S. president to propose a national health care plan. 27) _____
- 28) Yucca Mountain in Nevada has been proposed as a potential storage site for nuclear waste. 28) _____
- 29) Renewable energy sources include wind, water, the sun, geothermal sources, hydrogen, and biomass. 29) _____
- 30) Environmental regulation has enlarged the scope of government. 30) _____

Answer Key

Testname: ECOPOLICY

- 1) B
- 2) C
- 3) E
- 4) D
- 5) A
- 6) D
- 7) C
- 8) E
- 9) D
- 10) E
- 11) A
- 12) D
- 13) D
- 14) E
- 15) C
- 16) C
- 17) A
- 18) E
- 19) A
- 20) A
- 21) D
- 22) D
- 23) E
- 24) B
- 25) B
- 26) TRUE
- 27) FALSE
- 28) TRUE
- 29) TRUE
- 30) TRUE