

Chapter 1

Getting Started

1.1 Definition and Questions

- 1) Scarcity exists because
- A) human wants exceed the resources available to satisfy them.
 - B) some individuals have low income.
 - C) the costs of production are high.
 - D) some people make bad economic decisions.
 - E) people take too much leisure time.

Answer: A

Topic: Scarcity

Skill: Level 1: Definition

Section: Checkpoint 1.1

Status: TS

AACSB: Reflective thinking

- 2) Scarcity
- A) is the inability to satisfy all our wants.
 - B) leads to higher prices.
 - C) applies only to people living in poverty.
 - D) is not something that affects very rich people.
 - E) used to exist everywhere but has been eliminated in advanced economies.

Answer: A

Topic: Scarcity

Skill: Level 1: Definition

Section: Checkpoint 1.1

Status: SA

AACSB: Reflective thinking

- 3) Scarcity requires that we
- A) produce efficiently.
 - B) learn to limit our wants.
 - C) have the most rapid economic growth possible.
 - D) have unlimited resources.
 - E) make choices about what goods and services to produce.

Answer: E

Topic: Scarcity

Skill: Level 1: Definition

Section: Checkpoint 1.1

Status: PH

AACSB: Reflective thinking

4) Scarcity means that

- A) what we can produce with our resources is greater than our material wants.
- B) resources are unlimited.
- C) wants are greater than what we can produce with out resources.
- D) governments must make up for shortages in resources.
- E) choices made in self-interest cannot be the same as those made in the social interest.

Answer: C

Topic: Scarcity

Skill: Level 1: Definition

Section: Checkpoint 1.1

Status: PH

AACSB: Reflective thinking

5) Because human wants are insatiable and unlimited while available resources are limited, people are said to face the problem of

- A) scarcity.
- B) why to produce.
- C) macroeconomics.
- D) microeconomics.
- E) social interest versus self-interest.

Answer: A

Topic: Scarcity

Skill: Level 1: Definition

Section: Checkpoint 1.1

Status: PH

AACSB: Reflective thinking

6) Which of the following statements *best* describes the study of economics? Economics studies how

- A) to organize production so that scarcity does not occur.
- B) firms make profits.
- C) we make choices in the face of scarcity.
- D) to create incentives so that scarcity does not exist.
- E) businesses reach decisions.

Answer: C

Topic: Scarcity

Skill: Level 1: Definition

Section: Checkpoint 1.1

Status: CD

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