

Economics: A Christian Worldview – Quiz 4A

- _____ 1. In a free-exchange economy, who ultimately determines how much profit a company makes?
A. elected officials B. central bankers C. labor unions D. consumers
- _____ 2. In the *broader, general sense* used in the reading, **profit** can also mean _____.
A. financial gain earned by corporations
B. a gain that comes only from ownership of land
C. any advantage, benefit, or valuable gain
D. money earned without having to work for it
- _____ 3. When a woman voluntarily buys a loaf of bread for \$5, _____.
A. only the seller profits, because the seller receives money
B. only the buyer profits, because she gets a loaf of bread
C. neither one profits, because equal value was exchanged
D. both profit, because each values what he or she receives more highly
- _____ 4. One major way profits help civilization is that they _____.
A. help make desired goods and services more available
B. guarantee that all businesses succeed
C. remove the need for competition
D. eliminate all risk for producers
- _____ 5. When profitable businesses invest in machines and technology, one likely long-term result is _____.
A. goods can often be produced more efficiently and cheaply
B. only luxury buyers benefit, since they buy more goods and services
C. fewer consumers can afford the products and services offered
D. prices must always rise, because of the increased costs of production
- _____ 6. Critics of capitalism often present a false choice between _____.
A. greed and poverty
B. rule by evil businessmen or rule by unselfish state planners
C. monarchy and democracy as forms of government
D. private charity and local government
- _____ 7. Which statement best summarizes the reply to the claim that capitalism is selfish?
A. It *is* selfish in general, but efficiency matters more than morality.
B. Selfishness tends to disappear entirely in free markets.
C. In voluntary exchange, people gain wealth by serving the wants and needs of others.
D. The poor can benefit only if the rich are tightly controlled.
- _____ 8. Socialism is morally upside down because it _____.
A. protects liberty too much at times, too little at other times
B. gives producers too much independence
C. relies too heavily on private charity
D. takes property and restricts liberty instead of protecting them
- _____ 9. According to Ludwig von Mises, the basic problem with a planned economy is _____.
A. it lacks the ability to perform rational economic calculation
B. it relies too heavily on private profits to make it work effectively
C. it gives consumers too many choices to make
D. it produces too much competition for all businesses to succeed
- _____ 10. In Bastiat's broken-window example, what is **not seen**?
A. the glazier earning money from the repair
B. the broken glass being replaced
C. what the shopkeeper would have bought if the window had not been broken
D. any of these

Economics: A Christian Worldview – Quiz 4A (ANSWER KEY)

- D 1. In a free-exchange economy, who ultimately determines how much profit a company makes?
A. elected officials B. central bankers C. labor unions D. consumers
- C 2. In the *broader, general sense* used in the reading, **profit** can also mean _____.
A. financial gain earned by corporations
B. a gain that comes only from ownership of land
C. any advantage, benefit, or valuable gain
D. money earned without having to work for it
- D 3. When a woman voluntarily buys a loaf of bread for \$5, _____.
A. only the seller profits, because the seller receives money
B. only the buyer profits, because she gets a loaf of bread
C. neither one profits, because equal value was exchanged
D. both profit, because each values what he or she receives more highly
- A 4. One major way profits help civilization is that they _____.
A. help make desired goods and services more available
B. guarantee that all businesses succeed
C. remove the need for competition
D. eliminate all risk for producers
- A 5. When profitable businesses invest in machines and technology, one likely long-term result is _____.
A. goods can often be produced more efficiently and cheaply
B. only luxury buyers benefit, since they buy more goods and services
C. fewer consumers can afford the products and services offered
D. prices must always rise, because of the increased costs of production
- B 6. Critics of capitalism often present a false choice between _____.
A. greed and poverty
B. rule by evil businessmen or rule by unselfish state planners
C. monarchy and democracy as forms of government
D. private charity and local government
- C 7. Which statement best summarizes the reply to the claim that capitalism is selfish?
A. It *is* selfish in general, but efficiency matters more than morality.
B. Selfishness tends to disappear entirely in free markets.
C. In voluntary exchange, people gain wealth by serving the wants and needs of others.
D. The poor can benefit only if the rich are tightly controlled.
- D 8. Socialism is morally upside down because it _____.
A. protects liberty too much at times, too little at other times
B. gives producers too much independence
C. relies too heavily on private charity
D. takes property and restricts liberty instead of protecting them
- A 9. According to Ludwig von Mises, the basic problem with a planned economy is _____.
A. it lacks the ability to perform rational economic calculation
B. it relies too heavily on private profits to make it work effectively
C. it gives consumers too many choices to make
D. it produces too much competition for all businesses to succeed
- C 10. In Bastiat's broken-window example, what is **not seen**?
A. the glazier earning money from the repair
B. the broken glass being replaced
C. what the shopkeeper would have bought if the window had not been broken
D. any of these