

**Economics: A Christian Worldview – Quiz 6B**

- \_\_\_\_\_ 1. Milton Friedman notes that when the government takes over a responsibility, cost \_\_\_ and quality \_\_\_\_.  
A. rises, rises B. rises, falls C. falls, rises D. rises, rises
- \_\_\_\_\_ 2. Why are people usually more careful with their money than gov't officials are with taxpayer money?  
A. They are often legally forced to compare prices.  
B. They receive less advertising pressure from sellers.  
C. They prefer cash spending to using personal bank accounts.  
D. Their money represents labor, sacrifice, and time worked
- \_\_\_\_\_ 3. What mistake is made when someone says, "Look at the jobs created by this government program!"?  
A. focusing on visible benefits while ignoring hidden costs  
B. underestimating the size of government  
C. confusing the attempt to make a profit with simple greed  
D. ignoring inflation's effect on interest rates
- \_\_\_\_\_ 4. A *missing* headline for a story praising a government program would most likely mention \_\_\_\_.  
A. more exciting press conferences, with bureaucrats talking endlessly about the program's benefits  
B. happier agency employees who have job, when they were unemployed before the program began  
C. fewer consumer choices in every case, because private companies were unable to give them more  
D. taxes, debt, or resources diverted from other industries and given to the program
- \_\_\_\_\_ 5. Trash collection and fire protection often cost how much *under government direction*?  
A. about one-fourth as much as private companies charge  
B. roughly the same as much as private companies charge  
C. about twice as much as private companies charge  
D. approximately 10 times as much as private companies charge
- \_\_\_\_\_ 6. One reason bureaucracies struggle to complete projects successfully is that \_\_\_\_.  
A. they face too much competition from the private sector  
B. they lack private-sector accountability and market discipline  
C. they waste time and money trying to earn loyalty from customers  
D. they rely too heavily on making profits
- \_\_\_\_\_ 7. The city of Sandy Springs had far fewer employees than the city of Roswell, which suggests that \_\_\_\_.  
A. small cities tend to need very few public services  
B. private firms strive to avoid all labor costs  
C. larger governments are often more successful at hiring better workers  
D. governments often use many more workers than necessary
- \_\_\_\_\_ 8. Private business owners usually add workers only when \_\_\_\_.  
A. the government offers them a tax credit to hire additional employees  
B. those workers are related to management, who does them a favor  
C. the worker is expected to produce more value than he costs  
D. the public demands more regulation of that particular business
- \_\_\_\_\_ 9. Peter Schiff argues that hiring people to fill potholes or become public schoolteachers \_\_\_\_.  
A. creates real wealth by itself, since so many additional individuals would have jobs  
B. makes poor families richer through the production of more goods and services  
C. reduces the need for production of goods and services  
D. does not create new wealth and still must be paid for somehow
- \_\_\_\_\_ 10. For a government commission to stop monopolies perfectly it would need \_\_\_\_.  
A. more of the public's confidence that it could do its job efficiently  
B. a list of current prices of all the items produced by monopolies  
C. knowledge about the whole economy, including the future  
D. authority to set all wages for employees nationwide

***Economics: A Christian Worldview – Quiz 6B (ANSWER KEY)***

- B 1. Milton Friedman notes that when the government takes over a responsibility, cost \_\_\_ and quality \_\_\_\_.  
A. rises, rises B. rises, falls C. falls, rises D. rises, rises
- D 2. Why are people usually more careful with their money than gov't officials are with taxpayer money?  
A. They are often legally forced to compare prices.  
B. They receive less advertising pressure from sellers.  
C. They prefer cash spending to using personal bank accounts.  
D. Their money represents labor, sacrifice, and time worked
- A 3. What mistake is made when someone says, "Look at the jobs created by this government program!"?  
A. focusing on visible benefits while ignoring hidden costs  
B. underestimating the size of government  
C. confusing the attempt to make a profit with simple greed  
D. ignoring inflation's effect on interest rates
- D 4. A *missing* headline for a story praising a government program would most likely mention \_\_\_\_.  
A. more exciting press conferences, with bureaucrats talking endlessly about the program's benefits  
B. happier agency employees who have job, when they were unemployed before the program began  
C. fewer consumer choices in every case, because private companies were unable to give them more  
D. taxes, debt, or resources diverted from other industries and given to the program
- C 5. Trash collection and fire protection often cost how much *under government direction*?  
A. about one-fourth as much as private companies charge  
B. roughly the same as much as private companies charge  
C. about twice as much as private companies charge  
D. approximately 10 times as much as private companies charge
- B 6. One reason bureaucracies struggle to complete projects successfully is that \_\_\_\_.  
A. they face too much competition from the private sector  
B. they lack private-sector accountability and market discipline  
C. they waste time and money trying to earn loyalty from customers  
D. they rely too heavily on making profits
- D 7. The city of Sandy Springs had far fewer employees than the city of Roswell, which suggests that \_\_\_\_.  
A. small cities tend to need very few public services  
B. private firms strive to avoid all labor costs  
C. larger governments are often more successful at hiring better workers  
D. governments often use many more workers than necessary
- C 8. Private business owners usually add workers only when \_\_\_\_.  
A. the government offers them a tax credit to hire additional employees  
B. those workers are related to management, who does them a favor  
C. the worker is expected to produce more value than he costs  
D. the public demands more regulation of that particular business
- D 9. Peter Schiff argues that hiring people to fill potholes or become public schoolteachers \_\_\_\_.  
A. creates real wealth by itself, since so many additional individuals would have jobs  
B. makes poor families richer through the production of more goods and services  
C. reduces the need for production of goods and services  
D. does not create new wealth and still must be paid for somehow
- C 10. For a government commission to stop monopolies perfectly it would need \_\_\_\_.  
A. more of the public's confidence that it could do its job efficiently  
B. a list of current prices of all the items produced by monopolies  
C. knowledge about the whole economy, including the future  
D. authority to set all wages for employees nationwide