

Economics: A Christian Worldview – Quiz 9B

- _____ 1. The main moral objection to socialism is that it _____.
A. lowers wages B. increases imports C. causes shortages D. unjustly runs individual decisions
- _____ 2. In “The Rich and the Poor: A Fairy Tale,” what happened to John (who made the wish)?
A. He became wealthy.
B. He moved to a different town.
C. He gained new work opportunities.
D. He lost his job.
- _____ 3. If farmers are paid more for one crop, what happens?
A. Production of crops balances out.
B. Prices fall immediately for that crop.
C. Resources shift toward that crop.
D. Farmers reduce their output.
- _____ 4. What is one unintended result of generous unemployment benefits?
A. less urgency to find work
B. more entrepreneurship
C. faster hiring
D. increased productivity
- _____ 5. Why can’t central planners set correct interest rates?
A. They lack the authority to do so.
B. They avoid taking risks.
C. They lack full market knowledge.
D. They rely on increased taxes.
- _____ 6. What is the effect of banning “price gouging”?
A. More goods become available.
B. Shortages are more likely.
C. Prices of those goods/services stabilize.
D. Demand of the product or service disappears.
- _____ 7. What is unseen in the broken window fallacy?
A. the labor costs of the glass maker
B. the increased government spending
C. visible repairs of the item destroyed
D. lost alternative uses of resources
- _____ 8. Why did the luxury taxes on expensive boats reduce government revenue?
A. The tax rates were too low to make much difference.
B. Compliance with the law increased slightly, but not enough.
C. People avoided purchasing the boats.
D. Government spending rose.
- _____ 9. What is the main flaw of “public ownership”?
A. no clear ownership responsibility
B. too many profits
C. low demand
D. excessive competition
- _____ 10. What lesson does the highway sign story teach?
A. Government acts quickly, but only during emergencies.
B. Planning usually prevents problems from occurring.
C. Private initiative can outperform bureaucracy.

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