SASKATCHEWAN HISTORY 10 · UNIT B

Economic Decision Making — Practice Test

Saskatchewan History 10 • 25 questions

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button to let Brett know so he can fix it.

Source I - A Farmer Considers a Price Decision, 1962

Use this reading for questions 1 to 3.

The price of wheat has fallen, and our family must decide whether to sell now or store the grain and hope for a better price. The bank wants its loan repaid, the store wants payment, and the children need clothes for school.

Every choice has a cost. Selling now brings less money, while waiting risks an even lower price later.

1 **The main idea of Source I is that an economic decision involves weighing**

- A only the weather
- B costs and benefits under uncertainty
- C only the wishes of one person
- D only the price of one good

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2 **According to Source I, why is the farmer's choice difficult?**

- **A** Every choice has a cost: selling now brings less money, while waiting risks an even lower price later
- **B** The bank will wait forever
- **C** The store gives free clothes
- **D** The price can only rise

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3 **According to Source I, the farm family must also consider debts owed to**

- **A** only the railway
- **B** only foreign buyers
- **C** the bank and the store, and needs at home
- **D** only the weather office

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4 **Economic decision making is best defined as choosing how to use scarce resources to meet**

A only luxury goods

B only government goals

C only farm crops

D wants and needs

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5 **Scarcity in economics means that resources are limited while human wants are**

A effectively unlimited

B also limited to nothing

C unlimited only for the rich

D nonexistent

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6 **Opportunity cost is best defined as the value of the next best alternative**

- A gained for free
- B given up when a choice is made
- C paid in taxes only
- D lost by everyone else

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7 **A consumer economic decision involves choosing what to buy with limited income, considering price, quality, and**

- A only advertising
- B only brand names
- C need
- D only the weather

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8 **A producer economic decision involves choosing what to make, how to make it, and**

- A only where to advertise
- B only the company name
- C only the colour of packaging
- D how much to produce

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9 **A government economic decision involves choosing how to raise revenue and how to spend it on**

- A public services and programs
- B only private businesses
- C only foreign aid
- D only sports teams

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10 **Supply and demand affect prices because when demand rises and supply is limited, prices tend to**

A fall to zero

B rise

C stay exactly the same

D be banned

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11 **When supply of a good rises faster than demand, its price tends to**

A rise sharply

B stay fixed by law

C fall

D disappear

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12 **Inflation is best defined as a general rise in prices over time, which reduces the**

A supply of money to zero

B demand for all goods

C value of all goods to zero

D purchasing power of money

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13 **Unemployment affects economic decisions by reducing household income and**

A consumer spending in a community

B increasing all wages

C ending all production

D raising all prices equally

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14 **Interest rates affect borrowing decisions because higher rates make borrowing**

A free

B more expensive

C illegal

D unnecessary

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15 **A budget is a plan for income and spending over a period, and a household that spends more than it earns will**

A become richer at once

B pay no taxes

C go into debt or use savings

D need no income

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16 **Saving is important in economic decision making because savings provide security for future needs and**

A only luxury spending

B only taxes

C only imports

D fund investment

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17 **Investment in economics means spending money now in hopes of greater returns or productive capacity in the**

A future

B past

C present only

D foreign market only

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18 **Trade offs in economic decision making mean that choosing one option requires**

A getting all options at once

B giving up another valued option

C avoiding all costs

D pleasing everyone

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19 **A market economy is one in which most production and prices are determined mainly by**

A central planning alone

B tradition alone

C private decisions and market forces

D foreign governments alone

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20 **A command economy is one in which most production and prices are determined mainly by**

- **A** private markets alone
- **B** tradition alone
- **C** foreign markets alone
- **D** central government planning

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21 **A mixed economy, such as Canada, combines private enterprise with**

- **A** government regulation and public services
- **B** no private enterprise
- **C** no government at all
- **D** only traditional production

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22 **Taxation affects economic decisions because taxes fund public services while also influencing**

A only the weather

B incentives to work, save, and invest

C only sports results

D only farm prices

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23 **A recession is a period of declining economic activity, often marked by falling output and**

A rising wages for all

B rising prices for all goods

C rising unemployment

D full employment

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24 **Economic growth is measured in part by increases in the total value of goods and services produced, known as**

A gross national weather

B total population

C total imports only

D gross domestic product

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25 **A student evaluating an economic decision should compare benefits and costs, consider alternatives, and ask**

A who gains and who loses

B only whether it sounds good

C only whether it is new

D only whether it is popular

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ANSWER KEY

1. B
2. A
3. C
4. D
5. A
6. B
7. C
8. D
9. A
10. B
11. C
12. D
13. A
14. B
15. C
16. D
17. A
18. B
19. C
20. D
21. A
22. B
23. C
24. D
25. A

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