



JA Exploring Economics®

Answer Key:

1. John is working for a company and is trying to decide on a new product to make. If his company was in a market economy, what would be the main thing he should consider in deciding what to make?
 - b. Whether the new product would be preferred by many of the consumers in the company's target market.
2. Which of the following is true?
 - c. In a command economy, the price of a product is determined by the government.
3. Sarah just inherited \$10,000 and is trying to decide the best way to invest the money. If she will not need to access the money for several years and wants to minimize her risk, which investment option should she pick?
 - a. Government bonds
4. If Mike just got a 10% raise and inflation has gone up 5%, how is his purchasing power affected?
 - a. It is 5% higher
5. In a market economy, which of the terms below refers to a situation in which goods and services should be provided by the public sector?
 - a. Free-rider problem
6. Carlos owns a car dealership and is trying to predict how well his cars will sell over the next year. Another dealership selling similar cars will open next to him soon. What is the most likely outcome of this dealership opening?
 - b. Demand for Carlos's cars will go down
7. If a government wants to be completely self-sufficient, what type of trade policy should it adopt?
 - c. Economic isolation