



TEST PRACTICE

The following questions are designed to resemble the types of questions that will be asked on the Ohio Graduation Test. Practicing with these questions will familiarize you with the types of questions on the test. If you have difficulty identifying the correct answer, discuss it with your teacher.

MULTIPLE-CHOICE QUESTIONS:

Select the best answer and circle it.

1. A business in Country A has a productive capacity that outstrips consumer demand in its country. The best economic decision for that business would be to
 - A. reduce the product's price so more consumers in Country A could purchase it.
 - B. store the product in warehouses until more consumers in Country A could purchase it.
 - C. reduce its workforce so it produces less of its product.
 - D. sell its products to consumers in other countries in addition to Country A.

2. Which of the following is most likely to contribute to international trade between two countries?¹⁰
 - A. High unemployment in both countries
 - B. Equal distribution of natural resources in both countries
 - C. Production of specialized goods in each country
 - D. Different economic systems in each country

3. Generally when two parties trade with each other there should be a rise in their standard of living because
 - A. each is gaining access to a wider variety of products.
 - B. each is limiting choices for its consumers.
 - C. one side will benefit to the detriment of the other.
 - D. both sides will see a loss of consumer confidence.

4. What is one major change countries participating in international trade may see in their economic infrastructure?
 - A. A greater variety of products being produced in their country
 - B. Increased production of goods for which the country has a comparative advantage
 - C. Higher prices for all manufactured goods produced in the country
 - D. The elimination of all goods for which the country has the absolute advantage

¹⁰ SOURCE: Draft Citizenship Test, High School Graduation Qualifying Exam, Ohio Department of Education



5. In some places decisions about employment are rather simple in that the sons usually follow in the footsteps of the fathers. For example, if the father was a shoemaker, then the son could expect to also be a shoemaker. This is an example of what kind of economy?
- A. Traditional
 - B. Market
 - C. Command
 - D. Mixed
6. In some places decisions about what is to be produced and for whom it will be produced are made by individuals. Some individuals own the factors of production and they and other individuals are consumers. Both producers and consumers are making choices about what to produce and what to consume. This is an example of what kind of economy?
- A. Mixed
 - B. Command
 - C. Market
 - D. Traditional
7. In a command economy, who makes the decision about what should be produced and for whom?
- A. Individuals
 - B. Entrepreneurs
 - C. Government
 - D. Consumers
8. In a market economy there is likely to be
- A. government ownership of property.
 - B. private ownership of property.
 - C. government and private ownership of property.
 - D. public ownership of property.
9. Which of the following statements best describes trade by people in the United States with people in other nations?
- A. The United States has not traded at all with other nations
 - B. The United States has always traded with all other nations
 - C. The United States has reduced its trade with other nations
 - D. The United States has increased its trade with other nations
10. Labor unions in the United States have been interested in all of the following **except**
- A. higher wages.
 - B. longer work week.
 - C. safer working conditions.
 - D. shorter work week.



SHORT ANSWER QUESTIONS:

Answer each question as completely as possible. Use additional paper if needed.

11. Saudi Arabia is one of the world's largest producers of oil. However, it does not produce many manufactured goods. On the other hand, Japan does not have much oil as a natural resource but does produce a large number of manufactured goods. Explain why it would be beneficial for these two countries to trade with each other.

12. Describe two ways that business organizations have impacted the United States economy.

**EXTENDED RESPONSE QUESTIONS:**

Answer each question as completely as possible. Use additional paper if needed.

Production of Shirts and Shoes

Country A	Country B
25 workers produce 150 shoes in one day	20 workers produce 80 shoes in one day
30 workers produce 150 shirts in one day	20 workers produce 120 shirts in one day

13. Which country has the absolute advantage in producing shirts? Which country has the absolute advantage in producing shoes?

Explain why.

Which country has the comparative advantage in the production of shirts? Which country has the comparative advantage in the production of shoes?

Explain why.

If these countries traded with each other, which country would send which product to the other country?