

True/False		Explain (if False)
1)	In a market system, the government owns most of the property resources (land and capital).	
2)	Property rights encourage investment, innovation, ex- change, maintenance of property, and economic growth.	
3)	The freedom of business firms to produce a particular consumer good is always limited by the desires of consumers for that good.	
4)	The pursuit of economic self-interest is the same thing as selfishness.	
5)	When a market is competitive, the individual sellers of a product are unable to reduce the supply of the product and control its price.	
6)	The market system is also a communication system.	
7)	The employment of capital to produce goods and services requires that there be "roundabout" production and it is more efficient than "direct" production.	
8)	Increasing the amount of specialization in an economy generally leads to the more efficient use of its resources.	
9)	One way human specialization can be achieved is through a division of labor in productive activity.	
10)	Money is a device for facilitating the exchange of goods and services.	

11)		Coincidence of wants" means that two persons want to acquire the same good or service.	
12)		Shells may serve as money if sellers are generally willing to accept them as money.	
13)		One of the Four Fundamental Questions is who will control the output.	
14)		Business firms try to maximize their normal profits.	
15)		Industries in which economic profits are earned by the firms in the industry will attract the entry of new firms.	
16)		If firms have sufficient time to enter industries, the economic profits of an industry will tend to disappear.	
17)		Business firms are only free to produce whatever they want in any way they wish if they do not want to maximize profits or to minimize losses.	
18)		The derived demand of a resource depends on the demands for the products the resource produces.	
19)		Resources will tend to be used in those industriescapable of earning normal or economic profits.	
20)		Economic efficiency requires that a given output of a good or service be produced in the least costly way.	
21)		If the market price of resource A decreases, firms will tend to employ smaller quantities of resource A.	

22)		Changes in the tastes of consumers are reflected in changes in consumer demand for products.	
23)		The incentive that the market system provides to induce technological improvement is the opportunity for economic profits.	
24)		The tendency for individuals pursuing their own self-interests to bring about results that are in the best interest of society as a whole is often called the "invisible hand"	
25)		A basic economic argument for the market system is that it promotes an efficient use of resources.	