

1. Which of the following is a factor of production?

- A. State banks
- B. Consumers
- C. Entrepreneurs
- D. Computers

2. The North American Free Trade Agreement (1994) did most to stimulate which of the following in Texas?

- A. Automobile production
- B. Trucking and distribution
- C. Oil refining
- D. Textile manufacturing

3. Which of the following best represents the potential opportunity cost of local officials cutting their town's education budget to increase spending for local roads?

- A. Better transportation systems
- B. Fewer high school graduates
- C. Lower local taxes
- D. Lower class sizes

4. Which of the following best describes the role of businesses in a free enterprise system?

- A. They adhere to government-mandated prices of goods and services.
- B. They regulate consumer demand for goods and services.
- C. They produce goods and services as they see fit to maximize profits.
- D. They determine economic policies for international and domestic trade.

5. In 1793, Eli Whitney invented the cotton gin, which was a machine that extracted the sticky seeds from short-staple cotton and greatly increased the amount of harvested cotton that could be produced in a day. Which of the following reflects another effect of the cotton gin?

- A. The demand for slaves decreased.
- B. The price of slaves decreased.
- C. The use of slave labor increased.
- D. The freeing of slaves increased.

6. Which of the following policy actions will most contribute to economic growth?

- A. Eliminating health insurance and training for workers
- B. Decreasing income taxes on households and businesses
- C. Decreasing funding for public education
- D. Increasing government regulation of businesses