Southwest Asia’s Economy

Review Questions

1. How has Israel’s lack of oil affected that country’s economy?

1. Israeli businesses use little oil to operate
2. Israel has little industry due to their lack of oil
3. The Israeli economy is built around large-scale farming
4. The Israeli economy depends on technology rather than natural resources, such as oil

2. How has the Saudi government used its national wealth to change the country?

1. All Saudi citizens are given an equal share of the national wealth
2. The Saudi government has spent very little to improve the lives of ordinary citizens
3. A majority of the national wealth has been given to religious organizations in the country
4. The government has paid for improvements in transportation, education, health care, and agriculture

3. If a country does not invest in its human capital, how can it affect the country’s gross domestic product (GDP)?

1. Investment in human capital has little effect on a country’s GDP
2. Most workers want to keep their jobs and do not care about GDP
3. GDP is only affected if workers pay for the investment out of their own pockets
4. GDP may go down because poorly trained workers will not be able to do their jobs as well

4. What are capital goods?

1. The workers who make the goods and services
2. The factories and machines used to make goods
3. The money spent to train workers to use new technology
4. The goods and services that are produced for a country’s economy

5. Israel has invested heavily in capital goods in all of the following areas EXCEPT

1. Oil
2. Communication
3. Defense
4. Farming and Agriculture

6. Why are oil and gas such valuable natural resources?

1. Large deposits of oil and gas are found in most countries
2. It is easy to replace oil and gas supplies after they are used
3. Industrial countries depend on oil and gas in their energy supply
4. Oil and gas are the only sources of energy used around the world

7. What is human capital?

1. Skills and education workers have
2. money paid to workers for producing goods
3. Taxes collected from a country’s workers
4. the amount of goods sold in foreign trade in a year

8. Why have the Israelis made a big investment in human capital?

1. Their main industry is the oil industry
2. Investing in human capital takes very little money
3. They have to bring in workers from other countries
4. They need well-trained workers because their economy depends on advanced technology

9. What is an entrepreneur?

1. People who enjoy saving all their money
2. Business people who try not to take risks with their money
3. Someone who is always successful in whatever he attempts
4. Someone who is willing to take a risk to begin a new business

10. In a traditional economy, how are economic decisions made?

1. Custom and habit
2. consumers and the market
3. Government planners
4. combination of consumers and government planners

11. In a command economy, how are economic decisions made?

1. Custom and habit
2. consumers and the market
3. Government planners
4. combination of consumers and government planners

12. In a market economy, who makes the economic decisions?

1. Farmers
2. Government planners
3. Custom and habit
4. Consumers and the market

13. Why do most economies in the world today operate somewhere in between a market economy and a command economy?

1. Most consumers want government control of the economy
2. Government control makes a market economy more profitable
3. Government control of some aspects of the economy has never been successful in the modern world
4. Most economies have found they need a mix of free market and some government control to be successful and protect consumers

14. The economies of Israel, Saudi Arabia, Turkey, and Iran could best be described as

1. Mixed
2. Command
3. Market
4. Traditional

15. What is “economic specialization?”

 A. directly swapping goods form one country to another without having to use money

 B. trying to avoid investing in industry and technology because of the expense involved

C. producing all goods and services needed for a country’s growth, so that trade with other countries is not needed

D. producing those goods a country can make most efficiently so they can trade them for goods made by others that cannot be produced locally

16. Saudi Arabia specializes in the production of

1. Oil and gas
2. Olive and orange
3. Industrial technologies
4. Agricultural technologies

Answer Key

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| --- | --- |
| 1 | D |
| 2 | D |
| 3 | D |
| 4 | B |
| 5 | A |
| 6 | C |
| 7 | A |
| 8 | D |
| 9 | D |
| 10 | A |
| 11 | C |
| 12 | D |
| 13 | D |
| 14 | A |
| 15 | D |
| 16 | A |