

MADLY PRODUCTIVE PATHWAYS

Unit 1 · Economics & the Consumer · Lesson 1.1

MCQ - Answer Key

You, Your Family & the Economy

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Correct answers with rationale.

#	Answer	Rationale
1	A	Lost income lowers household spending, which lowers business revenue and forces more layoffs - the loop in reverse.
2	B	Consumer spending signals demand; businesses respond by making more of what sells - 'voting with dollars.'
3	C	Consumer spending is roughly two-thirds of activity and triggers the production cycle, making it the main driver.
4	D	Savings let them keep spending steady, cushioning local businesses; the fragile family must cut back sharply.
5	A	A producer provides goods or services; the mechanic delivers a service, while the others are buying/using.
6	B	The roles overlap: income comes in, part is spent, part is saved - all by the same household.
7	C	Self-sufficient families keep spending steady through downturns, which stabilizes the whole economy.
8	D	Your spending becomes the business's revenue, which pays workers who then spend again - the circular flow.