

This chapter has 72 questions.
 Scroll down to see and select individual questions or
 narrow the list using the checkboxes below.

Select questions at random and

Multiple Choice Questions - (72)

Odd Numbered - (36)

Even Numbered - (36)

Topic: 01-10 Basic Economic Questions - (1)

Accessibility: Keyboard Navigation - (60)

Difficulty: Easy - (30)

Difficulty: Hard - (14)

Difficulty: Medium - (28)

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics - (36)

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model - (24)

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them - (12)

Topic: 01-02 The Economic Problem - (14)

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Type: Application - (16)

Type: Definition - (42)

Type: Factual - (2)

Type: Graphical - (8)

Type: Numerical - (4)

1. The economic problem is essentially one of deciding how to make the best use of:

- unlimited resources to satisfy unlimited wants
- limited resources to satisfy unlimited wants
- unlimited resources to satisfy limited wants
- limited resources to satisfy limited wants
- free resources to satisfy expensive wants

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

2. Economists assume that people customarily behave rationally, meaning that people:

- virtually always weigh the personal benefits and costs of every available action and choose an action on the basis of their individual wants
- act in a rational way when buying and selling products, but not in other settings
- act rationally when they buy products, but not when they sell them
- act rationally when they sell products, but not when they buy them
- are unable to act in an irrational way

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

3. An economist who says that consumer wants are inexhaustible means that:

- economic resources are valuable only because they can be used to produce consumer goods
- economic resources—natural, capital, and human resources—are scarce
- consumers wants are virtually unlimited and, therefore, incapable of being fully satisfied
- the nature of consumer wants is highly unpredictable
- the nature of consumer demand varies from time to time and from country to country

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

4. The fundamental problem of economics is:

- to establish equity between personal and business taxation
- to establish a democratic political framework for the provision of social goods and services
- to establish prices that accurately reflect the relative scarcities of products and resources
- to achieve a fair distribution of money income to reduce poverty
- the scarcity of productive resources relative to consumer wants

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

5. The economic problem stems from the fact that:

- the production possibilities curve bows out to the right

Select 

- resources are scarce relative to people's demand for goods and services
- people act to maximize their own welfare
- historically the production possibilities curve has been shifting down toward the origin
- the production possibilities curve bows in to the left

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

6. The study of economics is carried out because:

- government interferes with the efficient distribution of scarce resources
- resources are scarce in relation to consumer wants
- the market system is an obstacle to the efficient use of plentiful resources to satisfy limited wants
- resources are overly abundant as compared with wants and, therefore, a distribution problem exists
- government aids in the efficient distribution of scarce resources

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

7. The scarcity problem:

- persists only because countries have failed to achieve continual full employment
- persists because a society's consumer wants exceed its available economic resources
- has been eliminated in all industrialized nations
- has been eliminated in affluent societies such as Canada and the United States
- is eliminated when a nation has achieved full employment

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

8. Because of scarcity, the efficient use of resources is:

- an important economic goal in all economies
- an important economic goal only in command economies
- an important economic goal only in market economies
- not an important economic goal
- an important economic goal only in traditional economies

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

9. As used in economics, the notion of scarcity means that:

- mineral deposits are available only in limited amounts
- resources are not so plentiful that all consumer wants can be fulfilled
- many resources are freely available
- the quantities available of some resources exceed the demand for them
- the demand for some resources is nonexistent

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

Select 

10. Stocks and bonds are not considered to be an economic resource because they:

- sometimes fall in value
- do not earn interest income
- are available in unlimited quantities
- are not free gifts of nature
- do not add to the economy's stock of real capital

Multiple Choice Question

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

11. The money payments made to owners of human resources are:

- wages, salaries, or interest
- wages, salaries, or rent
- interest or profit
- wages, salaries, or profit
- rent or profit

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

12. Economic resources do NOT include:

- natural resources
- real capital assets
- human effort
- stocks and bonds
- human ingenuity

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

13. Which of the following is a capital resource?

- a pair of stockings
- a dump truck
- a savings account
- a share of IBM stock
- a Bell Canada bond

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Application

Multiple Choice Question

14. The role of the entrepreneur involves:

- waiting for leadership
- manual labour
- bearing risks
- hiring chartered accountants to make business decisions for them
- acting as a landowner

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-02 The Economic Problem

Type: Definition

Multiple Choice Question

15. Economics can best be described as the study of how:

- to profitably to invest one's income in stocks and bonds
- to manage household expenses
- government policies affect businesses and labour
- to manage business enterprises for profit
- to distribute limited resources among alternative ends

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-03 Economics Defined

Type: Definition

Multiple Choice Question

Select 

16. Economics is primarily the study of:

- why resources are scarce
- how advertising and sales promotion shape consumer wants

- how to make profitable investments
- how to use scarce resources among alternative ends
- why consumer wants are unlimited

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-03 Economics Defined

Type: Definition

Multiple Choice Question

17. Microeconomics is concerned with the:

- total levels of income, employment, and output
- behaviour of individual participants in various markets
- causes of inflation and unemployment
- overall view of the operation of the economic system
- way governments can stabilize the economy

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-03 Economics Defined

Type: Definition

Multiple Choice Question

18. Which of the following is a microeconomic statement?

- Total economic output increased by 2.5 percent last year.
- Unemployment was 9.8 percent of the labour force last year.
- The price of wheat declined last year.
- The general price level increased by 4 percent last year.
- Business investment decreased by 2 percent last year.

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-03 Economics Defined

Type: Application

Multiple Choice Question

19. Macroeconomics approaches the study of economics from the viewpoint of:

- individual producers
- governmental units
- specific product and resource markets
- individual consumers
- entire economic sectors

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-03 Economics Defined

Type: Definition

Multiple Choice Question

20. Which of the following is a macroeconomic statement?

- The gross profits of all Canadian businesses were \$60 billion last year.
- The price of computers declined by 3 percent last year.
- Bombardier's profits decreased last year.
- The productivity of Canadian steelworkers increased by 1 percent last year.
- The prices of science and technology stock rose by 10 percent last year.

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-03 Economics Defined

Type: Application

Multiple Choice Question

21. Economic models:

- are useless because they are not based upon laboratory experiments
- deal with a multitude of details
- are generalizations of economic reality
- are abstractions of reality and are, therefore, of no use to economists
- are more effective the more complex they are

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants;

but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

22. Economic models:

- are of limited use because they cannot be tested empirically
- are limited to variables that are directly related to one another
- emphasize basic economic relationships by abstracting from the complexities of the real world
- are unrealistic and are, therefore, of no practical consequence
- are often illogical, but are sometimes useful

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

23. Which of the following is a correct statement?

- Economics is concerned only with explaining the way that economies actually operate and not with how they should operate.
- Though not quantitatively exact, economic laws are useful because they allow us to predict and, therefore, to control or to adjust to events.
- Economics is as scientific as physics and chemistry because economic laws are as quantitatively precise as the laws of physics or chemistry.
- Because economics is concerned with questions of "ought," it is a branch of applied ethics and not scientific.
- Economics is concerned with how economies should operate and not with how they do operate.

Select 

Accessibility: Keyboard Navigation

Difficulty: Hard

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

24. An economic model usually includes:

- neither independent nor dependent variables
- only a dependent variable and no independent variables
- the proposition that no relationship exists between various factors
- only an independent variable and no dependent variables
- two or more factors that have measurable values

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

25. Which of the following statements is correct?

- The value of the independent variable is determined by the value of the dependent variable.
- The value of the dependent variable is determined by the value of the independent variable.
- The dependent variable designates the "cause" and the independent variable the "effect."
- There is no cause and effect relationship between an independent and dependent variable.
- There is only a cause and effect relationship between two dependent variables.

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

26. If we say that two variables are directly related, this means that:

- the relationship between the two is purely random
- an increase in one variable is associated with a decrease in the other variable
- an increase in one variable is associated with an increase in the other variable
- an increase in one variable is associated with no change in the other variable
- there is no relationship between the two variables

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

27. If we say that two variables are inversely related, this means that:

- there is no relationship between the two variables

Select 

- an increase in one variable is associated with a decrease in the other variable
- an increase in one variable is associated with an increase in the other variable
- an increase in one variable is associated with no change in the other variable
- the resulting relationship can be portrayed by a straight line parallel to the horizontal axis

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

28. Consider the following table:

After-Tax Income	Consumption
\$ 1000	\$ 900
2000	1800
3000	2700
4000	3600
5000	4500

Select 

These data suggest that:

- consumption varies inversely with after-tax incomes
- consumption varies directly with after-tax incomes
- consumption and after-tax income are unrelated
- a tax increase will increase consumption
- a tax decrease will decrease consumption

Difficulty: Hard

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Numerical

Multiple Choice Question

29. If an inverse relationship exists between x and y, then a(n):

- increase in x will not affect y
- decrease in x will cause y to decrease
- increase in y will cause x to increase
- increase in x will cause y to decrease
- an increase in y will not affect x

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Application

Multiple Choice Question

30. Ceteris paribus means that:

- if event A precedes event B, A has caused B
- economics deals with facts, not values
- if event A happens then event B cannot happen
- prosperity inevitably follows recession
- all other things remain the same

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

31. The basic purpose of the ceteris paribus assumption is to:

- isolate the relationship between two variables by assuming all other factors remain constant
- allow one to focus upon micro variables by ignoring macro variables
- allow one to focus upon macro variables by ignoring micro variables
- determine whether x causes y or vice versa
- determine whether two variables are directly or inversely related

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

- Select**  32. Suppose an economist says "Ceteris paribus, the lower the price of the breakfast cereal, Wheaties, the larger the amount of Wheaties purchased." This statement indicates that:
- the quantity of Wheaties purchased determines the price of Wheaties
 - all factors other than the price of Wheaties (for example, consumer preferences and incomes) are assumed to be constant
 - economists can conduct controlled laboratory experiments
 - one cannot generalize about the relationship between the price of Wheaties and quantity purchased
 - the price and quantity demanded of Wheaties are directly related

Accessibility: Keyboard Navigation

Difficulty: Hard

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Application

Multiple Choice Question

33. A positive statement is one that:

- outlines a direct relationship between two variables
- outlines an inverse relationship between two variables
- is subjective and is, therefore, based upon a value judgement
- is necessarily true
- is objective and is, therefore, based upon facts

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

34. Which of the following is a positive statement?

- The humidity is too high today.
- It is too hot to jog today.
- The temperature is 22°C.
- I enjoy summer evenings when it cools off.
- I dislike humid nights.

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Application

Multiple Choice Question

35. Normative statements are concerned with:

- facts and theories
- what ought to be
- what is
- rational choice involving costs and benefits
- what can never be

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

36. Which of the following is a normative statement?

- The temperature is high today.
- The humidity is high today.
- It is too hot to play tennis today.
- It will cool off later this evening.
- I think it will be hot today.

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-01 Describe the economic problem-the problem of having unlimited wants; but limited resources-that underlies the definition of economics

Topic: 01-04 Economic Models

Type: Application

Multiple Choice Question

Select 

37. A product has utility if it:

- takes more and more resources to produce successive units of it
- can be produced in unlimited quantities
- satisfies consumer wants
- is useful

- is available in only limited quantities

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-04 Economic Models

Type: Definition

Multiple Choice Question

38. Utility refers to the:

- extent to which a product can be used as a capital resource
- opportunity cost of a product
- relative scarcity of a product
- usefulness of a product
- satisfaction that a consumer derives from a good or service

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-06 Utility Maximization

Type: Definition

Multiple Choice Question

39. To maximize utility, a consumer who derives greater satisfaction from writing music than from studying drama will choose to:

- study music
- study drama
- write plays
- write music
- both write music and study drama

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-06 Utility Maximization

Type: Application

Multiple Choice Question

40. Which of the following expressions best states the idea of opportunity cost?

- "A penny saved is a penny earned."
- "He who hesitates is lost."
- "There is no such thing as a free lunch."
- "All that glitters is not gold."
- "Watch the pennies, and the pounds will look after themselves."

Select 

Accessibility: Keyboard Navigation

Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-07 Opportunity Cost

Type: Application

Multiple Choice Question

41. The notion of opportunity cost:

- applies to consumers, but not to businesses
- applies to businesses, but not to consumers
- is relevant to economies of all ideological persuasions
- would disappear if we were able to eliminate poverty
- does not apply to governments

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-07 Opportunity Cost

Type: Application

Multiple Choice Question

Select  42. The concept of opportunity cost:

- is irrelevant in command economies because of central planning
- suggests that resources are often unlimited in quantity
- is irrelevant if the production possibilities curve is shifting to the right
- suggests that inexhaustible wants can be fulfilled
- suggests that the use of resources in any particular line of production means that alternative outputs must be forgone

Multiple Choice Question

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-07 Opportunity Cost
Type: Definition

43. Which of the following is not an illustration of the notion of opportunity cost?

- A growing economy can produce more ice cream and more ice cream cones at the same time.
- If I buy a pizza, I will not be able to afford a movie.
- Resources devoted to the production of computers are not available for the production of computer software.
- The land on which a Saskatchewan farmer plants wheat is not available for barley production.
- The more time it takes to commute to work, the less time is available for other activities.

Select 

Accessibility: Keyboard Navigation
Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-07 Opportunity Cost
Type: Application

Multiple Choice Question

44. The notion of opportunity cost is best defined as:

- the monetary price of any productive resource
- the amount of labour that must be used to produce one unit of any product
- the monetary price of any product
- the utility that could have been gained by choosing an action's best alternative
- the number of units of a product that are available to be purchased

Select 

Accessibility: Keyboard Navigation
Difficulty: Easy

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-07 Opportunity Cost
Type: Definition

Multiple Choice Question

45. The production possibilities curve illustrates the basic principle that:

- the production of more of any one item will in time require smaller and smaller sacrifices of other items
- an economy automatically seeks that level of output that employs all of its resources
- if all the resources of an economy are fully used, more of one item could be produced only if less of another item is produced
- any production point below the curve reflects high opportunity cost
- any production point above the curve reflects low opportunity cost

Select 

Accessibility: Keyboard Navigation
Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve
Type: Definition

Multiple Choice Question

	Production Possibilities (alternatives)					
	A	B	C	D	E	F
TVs	5	4	3	2	1	0
Stereos	0	5	9	12	14	15

Select 

Reference: 01-46

46. A total output of 3 TVs and 4 stereos:

- would never be chosen because the economy is capable of producing a larger total output
- represents the full employment of available resources
- involves the employment of an economy's scarce resources at less than their full capacity
- is unobtainable in this economy
- would always be chosen because this is the product combination that gives the economy's citizens the most satisfaction

Select 

Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve
Type: Numerical

Multiple Choice Question

Reference: 01-46

Select 

47. To produce a total output of 3 TVs and 13 stereos, this economy must:

- undergo an outward shift in its production possibilities curve
- ignore the notion of opportunity cost
- distribute its available resources more efficiently among alternative uses
- achieve the full employment of available resources
- leave some of its available resources idle

Multiple Choice Question

Reference: 01-46

Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve
Type: Numerical

48. Assume that a change in government policy results in the increased production of all types of products. It can be concluded that the:
- economy was not fully employing its resources before the policy change
 - economy's production possibilities curve has shifted to the left as a result of the policy change
 - economy's production possibilities curve does not bow out to the right
 - law of increasing opportunity costs does not apply in this society
 - economy's resources are freely available

Select 

Accessibility: Keyboard Navigation
Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve
Type: Application

Multiple Choice Question

49. The production possibilities curve:

- shows all levels of production that are consistent with a stable price level
- indicates that any combination of products lying outside the curve is undesirable
- shows how an economy actually employs its resources
- shows all combinations of products that are most preferred by consumers
- is a frontier between all combinations of products that can be produced and those combinations that cannot be produced

Select 

Accessibility: Keyboard Navigation
Difficulty: Easy

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve
Type: Definition

Multiple Choice Question

50. Any point inside the production possibilities curve indicates:

- that resources are imperfectly shiftable among alternative uses
- the presence of inflationary pressures
- that more output could be produced with available resources
- that the economy is saving a part of its income
- that some of an economy's potential output is not desired by consumers

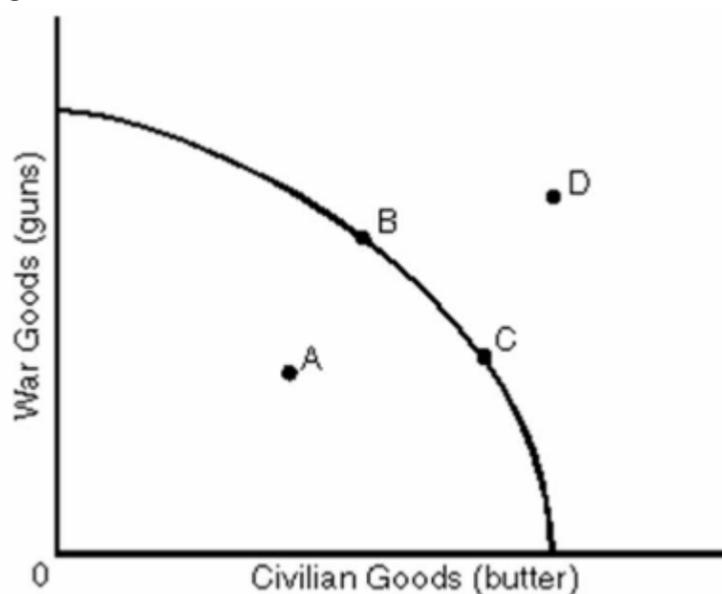
Select 

Accessibility: Keyboard Navigation
Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve
Type: Application

Multiple Choice Question



Select 

Reference: 01-51

51. At the end of World War II, Canada's economic adjustment from wartime to peacetime can best be described by the movement from:
- point a to point b
 - point a to point c
 - point b to point c
 - point b to point d
 - point c to point b

Select 

Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve
Type: Graphical

Multiple Choice Question
Reference: 01-51

Select  52. Consider the following two tables.

North Cantina	Production Possibilities (alternatives)					
	A	B	C	D	E	F
Hamburgers	5	4	3	2	1	0
Hot dogs	0	10	18	24	28	30

South Cantina	Production Possibilities (alternatives)					
	A	B	C	D	E	F
Hamburgers	5	4	3	2	1	0
Hot dogs	0	8	15	21	25	27

Suppose that North Cantina is producing 2 hamburgers and 17 hot dogs while South Cantina is producing 2 hamburgers and 21 hot dogs. We can conclude that:

- North Cantina is fully employing its resources but South Cantina is not
- South Cantina is fully employing its resources but North Cantina is not
- neither South Cantina nor North Cantina is fully employing its resources
- both South Cantina and North Cantina are fully employing their resources
- resources are perfectly shiftable between hotdogs and hamburgers

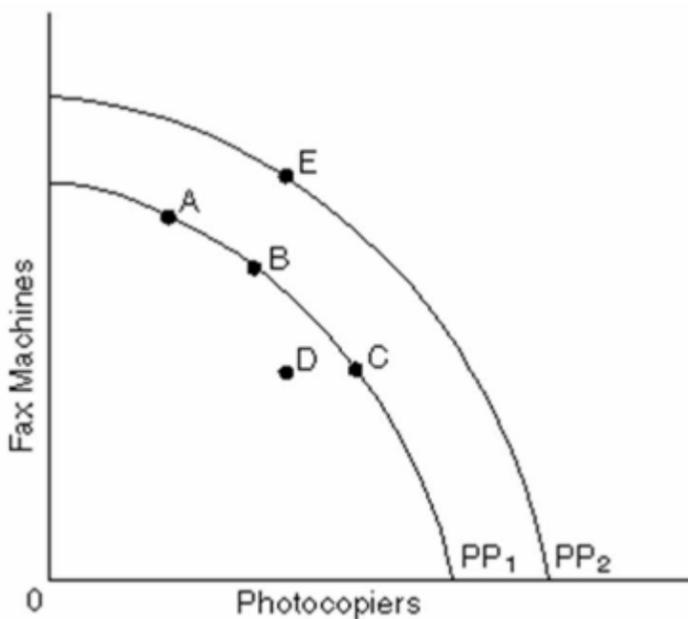
Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve

Type: Numerical

Multiple Choice Question



Reference: 01-53

53. The shape of each production possibilities curve:

- indicates that resources shift perfectly from one use to another
- indicates that resources are virtually unlimited
- indicates that prices are constant
- illustrates the law of increasing opportunity costs
- shows that consumer wants are variable

Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve

Type: Graphical

Multiple Choice Question

Reference: 01-53

54. The concept of opportunity cost is best represented by the:

- shift of the production possibilities curve from PP_1 to PP_2
- move from point B on PP_1 to point E on PP_2
- move from point E on PP_2 to point A on PP_1
- move from point D inside PP_1 to point B on PP_1
- move from point B to point C along PP_1

Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve

Type: Graphical

Multiple Choice Question

Reference: 01-53

Select  55. An improvement in technology could be expected to:

- shift the production possibilities curve from PP_1 to PP_2
- shift the production possibilities curve from PP_2 to PP_1
- move the economy from point A to point C along PP_1
- move the economy from points A, B, or C on PP_1 to point D inside PP_1
- move the economy from point C to point A along PP_1

Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Multiple Choice Question

Topic: 01-08 The Production Possibilities Curve

Reference: 01-53

Type: Graphical

56. Which one of the following would shift the production possibilities curve from PP_1 to PP_2 ?

- the immigration of skilled workers into the economy
- a worsening of diseases such as AIDS
- an increase in consumer prices
- a reduction in hourly wages
- a change in consumer preferences

Select 

Difficulty: Medium

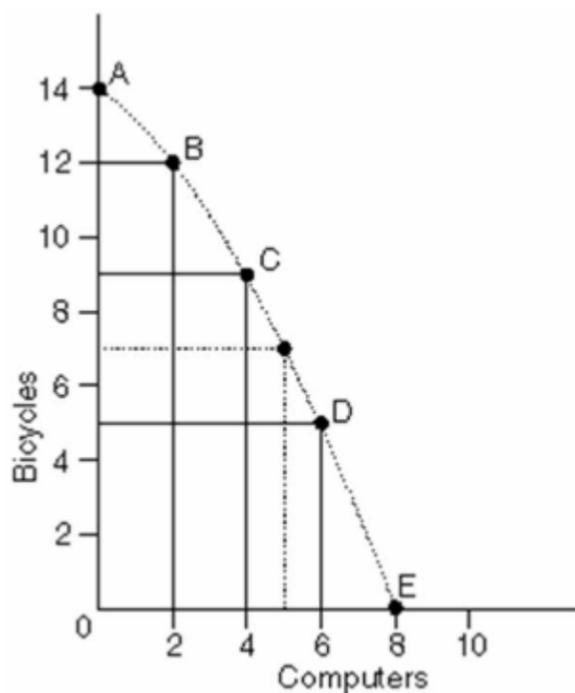
Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Multiple Choice Question

Topic: 01-08 The Production Possibilities Curve

Reference: 01-53

Type: Graphical

Select 

Reference: 01-57

57. Points A, B, C, D, and E show:

- that the opportunity cost of bicycles increases while that of computers is constant
- combinations of bicycles and computers that a society can produce by fully employing its resources
- that the opportunity cost of computers increases while that of bicycles is constant
- that the demand for computers is greater than the demand for bicycles
- that the opportunity cost of both bicycles and computers are constant

Select 

Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Multiple Choice Question

Topic: 01-08 The Production Possibilities Curve

Reference: 01-57

Type: Graphical

58. If a society is currently producing 9 bicycles and 4 computers, the decision to increase computer output to 6 costs:

- 4 bicycles
- 2 bicycles
- 5 bicycles
- zero because unemployed resources are available
- irrelevant because this decision is inconsistent with consumer preferences

Select 

Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Multiple Choice Question

Topic: 01-08 The Production Possibilities Curve

Reference: 01-57

Type: Graphical

59. If a society is currently producing the combination of bicycles and computers shown by point D, the production of 2 more bicycles:

- cannot be realized because resources are fully employed
- costs 1 computer
- costs 2 computers

Select 

- means that some resources are not fully employed
- costs 6 computers

Difficulty: Hard

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Multiple Choice Question
Reference: 01-57Topic: 01-08 The Production Possibilities Curve
Type: Graphical

60. The law of increasing opportunity costs is reflected in a production possibilities curve that:

- is an upward-sloping straight line
- is a downward-sloping straight line
- bows in to the left
- is any shape
- bows out to the right

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Topic: 01-08 The Production Possibilities Curve

Multiple Choice Question

Type: Definition

61. The problem of economic scarcity forces every country to determine:

- the shape of its production possibilities curve
- the amount of economic resources that can be employed in production
- what, how, and for whom to produce
- the ways that individuals can pursue their own self-interest
- how to plan to overcome scarcity

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-10 Basic Economic Questions

Multiple Choice Question

Type: Definition

62. The two basic markets shown by the simple circular flow diagram are:

- capital goods and consumer goods
- free and controlled
- product and resource
- household and business
- government and private

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-12 Market Economy

Multiple Choice Question

Type: Definition

63. In the product market:

- businesses sell economic resources to households
- businesses sell consumer products to households
- businesses buy consumer products from households
- businesses buy economic resources from households
- business and households both sell consumer products to each other

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-12 Market Economy

Multiple Choice Question

Type: Definition

Select 

64. The economy of India most closely approximates a:

- traditional mixed economy
- market economy
- command economy
- modern mixed economy
- traditional economy

Multiple Choice Question

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-14 Mixed Economies

Type: Application

65. Between the early 1990s and late 2000s, India's and China's economies steadily grew by annual average of:

- 4 percent and 6 percent respectively
- 6 percent and 8 percent respectively
- 8 percent and 10 percent respectively
- 10 percent and 12 percent respectively
- 12 percent and 14 percent respectively

Select 

Accessibility: Keyboard Navigation

Difficulty: Hard

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-14 Mixed Economies

Type: Factual

Multiple Choice Question

66. Modern mixed economy refers to an economy:

- with both product and resource markets
- that engages in both domestic and international trade
- with both private and public sectors
- that functions primarily on the basis of custom and tradition
- that operates on the basis of central planning

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-14 Mixed Economies

Type: Definition

Multiple Choice Question

67. The Canadian economy most closely approximates a:

- traditional mixed economy
- market economy
- command economy
- modern mixed economy
- traditional economy

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-14 Mixed Economies

Type: Application

Multiple Choice Question

68. The unemployment rate includes:

- pensioners
- homemakers
- brewery workers who have been laid off recently
- students working part-time at a grocery store
- young children

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-15 Economic Goals

Type: Definition

Multiple Choice Question

69. The Kyoto Protocol:

- aimed to increase emissions of so-called greenhouse gases, in particular carbon dioxide
- was signed by over 170 countries, including Canada
- ensured that all countries in the world cut greenhouse gases until 2012
- requirements were met by Canada, but by few other countries
- imposed a global carbon tax

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-15 Economic Goals

Type: Factual

Multiple Choice Question

Select 

70. The achievement of full employment frequently conflicts with the economic goal of:

- economic efficiency
- economic growth
- income equity
- a viable balance of payments

→ price stability

Accessibility: Keyboard Navigation

Difficulty: Hard

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-15 Economic Goals

Type: Definition

Multiple Choice Question

71. According to Adam Smith, the most significant single cause of economic progress has been:

- the increase in the fertility of land used in agriculture
- the use of more specialized forms of machinery in manufacturing
- a more educated workforce
- the division of labour
- the rise of large companies that dominate particular industries

Select 

Accessibility: Keyboard Navigation

Difficulty: Medium

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-16 The Founder of Modern Economics: Adam Smith and the Invisible Hand

Type: Application

Multiple Choice Question

72. Laissez-faire suggests that:

- land and other natural resources should be privately owned but capital should be owned by the government
- land and other natural resources should be owned by the government but capital should be privately owned
- government should not interfere with the operation of the economy
- government action is necessary if the economy is to achieve full employment
- government policies are needed to deal with environmental damage

Select 

Accessibility: Keyboard Navigation

Difficulty: Easy

Learning Objective: 01-03 Identify the three basic economic questions and how various economic systems answer them

Topic: 01-16 The Founder of Modern Economics: Adam Smith and the Invisible Hand

Type: Definition

Multiple Choice Question