Package Title: Practice

Course Title: Boone, Contemporary Business, 3rd Canadian Edition

Chapter Number: 03

Shuffle: No

Question type: Multiple Choice

1) Economics is the study of

a) the choices people and governments make when allocating scarce resources.

b) profit and loss at companies.

c) tax and interest policies.

d) supply and demand.

Answer: a

Difficulty: Easy

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Knowledge

AACSB: Communication

Question type: True/False

2) Macroeconomics is the study of small economic units such as households and individual businesses.

Answer: False

Difficulty: Medium

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

Question type: Multiple Choice

3) Microeconomics is the study of

a) small economic units such as individual consumers.

b) the willingness of buyers to produce goods and services.

c) the ability of consumers to purchase products.

d) price and profits.

Answer: a

Difficulty: Easy

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

4) Supply is

a) the willingness of buyers to purchase goods and services.

b) the willingness of sellers to provide goods and services.

c) what people want to buy.

d) supply and demand.

Answer: b

Difficulty: Easy

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Knowledge

AACSB: Communication

5) Changes in the demand curve can be caused by all of the following factors **except**

a) customer preference.

b) buyers’ incomes.

c) the number of suppliers.

d) future expectations of income or wealth.

Answer: c

Difficulty: Hard

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

6) The equilibrium point is

a) easy to predict.

b) the prevailing market price.

c) set by suppliers.

d) constant.

Answer: b

Difficulty: Easy

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Knowledge

AACSB: Communication

7) If labour hours increase, the use of natural resources remains the same and output remains the same, productivity will

a) increase.

b) remain the same.

c) decrease.

d) cannot be determined.

Answer: c

Difficulty: Hard

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Application

AACSB: Analytic

8) When we examine the exchanges that companies and societies make as a whole, we are focusing on what system operating in different nations?

a) relationship system

b) economic system

c) environmental

d) private enterprise

Answer: b

Difficulty: Medium

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Comprehension

AACSB: Communication

9) The willingness and ability of buyers to purchase goods and services at different prices is called

a) demand.

b) supply.

c) an economic system.

d) owner’s rights.

Answer: a

Difficulty: Easy

Learning Objective 3.1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Knowledge

AACSB: Communication

10) The study of a country’s overall economic issues is called

a) economics.

b) national economics.

c) macroeconomics.

d) current economics.

Answer: c

Difficulty: Easy

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Knowledge

AACSB: Communication

11) \_\_\_\_\_\_\_\_\_\_ typically slope downward, meaning that lower and lower prices attract larger and larger purchases.

a) Demand curves

b) Supply curves

c) Equilibrium levels

d) Market prices

Answer: a

Difficulty: Hard

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

12) Natural resources includes which of the following?

a) textiles

b) land

c) concrete

d) the environment

Answer: b

Difficulty: Easy

Learning Objective 1: Discuss microeconomics and the forces of demand and supply.

Section Reference 1: Microeconomics: The Forces of Demand and Supply

Bloom’s Taxonomy: Comprehension

AACSB: Communication

13) Most developed nations have economies that are based on the private economic system, also known as

a) capitalism.

b) planned economy.

c) oligopoly.

d) monopoly.

Answer: a

Difficulty: Easy

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Knowledge

AACSB: Communication

14) The market structure that is most likely to be regulated is

a) socialism.

b) communism.

c) capitalism.

d) monopoly.

Answer: d

Difficulty: Hard

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

15) In which market structure are there large numbers of buyers and sellers, each of whom has some control over price?

a) pure competition

b) monopolistic competition

c) oligopoly

d) monopoly

Answer: b

Difficulty: Medium

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

16) The four basic types of competition that take shape in a private enterprise system are

a) macroeconomics, microeconomics monopoly, and capitalism.

b) socialism, democracy, communism, and capitalism.

c) pure competition, monopolistic competition, oligopoly, and monopoly.

d) recession, depression, inflation, and deflation.

Answer: c

Difficulty: Easy

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Knowledge

AACSB: Communication

17) New competitors are discouraged in an oligopoly primarily because of

a) lack of knowledge.

b) market already too crowded with competitors.

c) large investment in start-up costs.

d) family dominated market.

Answer: c

Difficulty: Medium

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Comprehension

AACSB: Communication

18) Some nations have an economic system where the government owns and operates the major industries. This system is called

a) capitalism.

b) socialism.

c) communism.

d) fascism.

Answer: b

Difficulty: Easy

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Knowledge

AACSB: Communication

19) An economic system where all the property is shared equally by the people under the direction of a strong central government is called

a) polopoly.

b) monopoly.

c) communism.

d) oligopoly.

Answer: c

Difficulty: Easy

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Knowledge

AACSB: Communication

20) Canada has which of the following economic systems?

a) capitalism

b) socialism

c) communism

d) mixed market

Answer: d

Difficulty: Medium

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

21) The conversion of government-owned and operated companies to privately held businesses is

a) nationalization.

b) privatization.

c) public sector shifting.

d) mixed marketing.

Answer: b

Difficulty: Medium

Learning Objective 1: Describe macroeconomics and the three major types of economic systems.

Section Reference 1: Macroeconomics: Issues for the Entire Economy

Blooms Taxonomy: Knowledge

AACSP: Communication

22) During which stage of the business cycle does unemployment rise and inflation fall?

a) growth

b) decline

c) recession

d) prosperity

Answer: c

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

23) During which stage of the business cycle is unemployment low and business expanding?

a) growth

b) decline

c) recession

d) prosperity

Answer: d

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

24) The relationship between the number of units produced and the number of human and other production inputs needed to produce them is called

a) economics.

b) efficiency.

c) productivity.

d) prosperity.

Answer: c

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Comprehension

AACSB: Communication

25) The total of all goods and services produced within a country is called

a) Economics.

b) Macroeconomics.

c) Gross Domestic Product.

d) Prosperity.

Answer: c

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Knowledge

AACSB: Communication

26) An economic situation marked by soaring prices is called

a) economic growth.

b) superinflation.

c) hyperinflation.

d) disinflation.

Answer: c

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Comprehension

AACSB: Communication

27) How does the Canadian government track price changes?

a) Consumer Price Index (CPI)

b) Consumer Shopping Measurement (CSM)

c) Gross Domestic Product (GDP)

d) Index of Canadian Prices (ICP)

Answer: a

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Knowledge

AACSB: Communication

28) Core inflation rate is the inflation rate of an economy after \_\_\_\_\_\_and\_\_\_\_\_\_ prices are removed.

a) energy; food

b) transportation; housing

c) entertainment; clothing

d) utilities; education

Answer: a

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

29) Which form of unemployment can best be addressed by economic stimulus actions?

a) frictional

b) structural

c) seasonal

d) cyclical

Answer: d

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Application

AACSB: Analytic

30) Which form of unemployment is comprised of people who remain unemployed for long periods of time, often with little hope of finding a job?

a) frictional

b) structural

c) seasonal

d) cyclical

Answer: b

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

31) Which form of unemployment is the joblessness of people in the workforce who are temporarily not working but are looking for jobs?

a) frictional

b) structural

c) seasonal

d) cyclical

Answer: a

Difficulty: Medium

Learning Objective 1: Explain how productivity, price level changes, and employment levels affect economic performance.

Section Reference 1: Evaluating Economic Performance

Bloom’s Taxonomy: Knowledge

AACSB: Communication

32) A budget \_\_\_\_\_\_\_\_ occurs when government spends more than it raises through taxes and fees.

a) surplus

b) constraint

c) deficit

d) balance

Answer: c

Difficulty: Easy

Learning Objective 1: Discuss how monetary policy and fiscal policy are used to manage an economy’s performance.

Section Reference 1: Managing the Economy’s Performance

Bloom’s Taxonomy: Knowledge

AACSB: Communication

33) A budget \_\_\_\_\_\_\_\_ occurs when government spends less than it raises through taxes and fees.

a) surplus

b) constraint

c) deficit

d) balance

Answer: a

Difficulty: Medium

Learning Objective 1: Discuss how monetary policy and fiscal policy are used to manage an economy’s performance.

Section Reference 1: Managing the Economy’s Performance

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

34) \_\_\_\_\_\_\_\_ policy is formulated by the Bank of Canada; \_\_\_\_\_\_\_\_ policy is formulated by the government.

a) Monetary; fiscal

b) Tax; spending

c) Fiscal; monetary

d) Executive; fiscal

Answer: a

Difficulty: Medium

Learning Objective 1: Discuss how monetary policy and fiscal policy are used to manage an economy’s performance.

Section Reference 1: Managing the Economy’s Performance

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

35) \_\_\_\_\_\_\_\_\_\_ reduces the money supply to curb rising prices, overexpansion, and concerns about overly rapid economic growth.

a) Expansionary monetary policy

b) Restrictive monetary policy

c) Monetary policy

d) Fiscal policy

Answer: b

Difficulty: Hard

Learning Objective 1: Discuss how monetary policy and fiscal policy are used to manage an economy’s performance.

Section Reference 1: Managing the Economy’s Performance

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

36) \_\_\_\_\_\_\_\_ consists of government spending and taxation decisions to control inflation, encourage economic growth, and balance the Federal budget.

a) National budgeting

b) Fiscal policy

c) Expansionary monitory policy

d) Structured unemployment

Answer: b

Difficulty: Medium

Learning Objective 1: Discuss how monetary policy and fiscal policy are used to manage an economy’s performance.

Section Reference 1: Managing the Economy’s Performance

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

37) The money owed by government to individuals, businesses and government agencies is called

a) Gross Domestic Product.

b) National debt.

c) Monetary policy.

d) Fiscal policy.

Answer: b

Difficulty: Hard

Learning Objective 1: Discuss how monetary policy and fiscal policy are used to manage an economy’s performance.

Section Reference 1: Managing the Economy’s Performance

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

38) A \_\_\_\_\_\_\_\_ budget occurs when total revenues raised by taxes and fees equal the total government spending for the year.

a) surplus

b) constraint

c) deficit

d) balanced

Answer: d

Difficulty: Easy

Learning Objective 1: Discuss how monetary policy and fiscal policy are used to manage an economy’s performance.

Section Reference 1: Managing the Economy’s Performance

Bloom’s Taxonomy: Knowledge

AACSP: Communication

39) Which of the following is **not** one of the five key challenges the text lists for maintaining 21st century competitiveness?

a) threat of terrorism

b) shift of the global information economy

c) growth in Russia and Europe

d) aging of the world’s population

Answer: c

Difficulty: Medium

Learning Objective 1: Describe the major global economic challenges of the 21st century.

Section Reference 1: Global Economic Challenges of the 21st Century

Bloom’s Taxonomy: Comprehension

AACSP: Communication

40) Which of the following is **not** a current economic challenge?

a) the economic threat of continued international terrorism.

b) the growth of China and India.

c) the aging of the world’s population.

d) the growth of USA.

Answer: d

Difficulty: Hard

Learning Objective 1: Describe the major global economic challenges of the 21st century.

Section Reference 1: Global Economic Challenges of the 21st Century

Bloom’s Taxonomy: Comprehension

AACSP: Analytic