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| 1. The difference between a positive economic statement and a normative statement is that   |  |  |  | | --- | --- | --- | |  | a. | a positive statement must be true; a normative statement is often not true | |  | b. | a normative statement must be true; a positive statement is often not true | |  | c. | a positive statement can be proved; a normative statement cannot | |  | d. | a normative statement can be proved; a positive statement cannot | |  | e. | a positive economic statement is a moral judgment; a normative economic statement is not a moral judgment |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Knowledge | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 2. The difference between positive economic statements and normative economic statements is that   |  |  |  | | --- | --- | --- | |  | a. | positive statements are based on opinion while normative statements are based on fact | |  | b. | positive statements are true and normative statements are often false | |  | c. | positive statements are often false and normative statements are true | |  | d. | positive statements are based on fact while normative statements are based on opinion | |  | e. | both b and d. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Knowledge | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 3. Which of the following is a positive economic statement?   |  |  |  | | --- | --- | --- | |  | a. | Too much government spending is the biggest problem facing the U.S. economy. | |  | b. | Creating jobs is the most serious problem facing the U.S. economy. | |  | c. | Raising taxes provides additional revenue that should be used to finance health care. | |  | d. | If taxes are over 50 percent of national income, job creation falls. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Application | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 4. Which of the following is a positive economic statement?   |  |  |  | | --- | --- | --- | |  | a. | Government control of rent is a fair way to help poor people afford housing. | |  | b. | Government control of rent keeps landlords from charging too much rent. | |  | c. | Government control of rent decreases the number of new apartments constructed. | |  | d. | Government control of rent is an injustice. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Application | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 5. The Secretary of Labor states that wage rates in the country have risen by 2 percent this past year. The head of a local labor union states that wage gains should have been higher. The Secretary's statement is a(n) \_\_\_\_ economic statement, and the labor head's statement is a(n) \_\_\_\_ economic statement.   |  |  |  | | --- | --- | --- | |  | a. | normative; normative | |  | b. | normative; positive | |  | c. | positive; normative | |  | d. | positive; positive | |  | e. | proper; improper |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Application | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 6. Which of the following is an example of a normative economic statement?   |  |  |  | | --- | --- | --- | |  | a. | The inflation rate in the United States decreased from 4 percent last year to 3 percent this year as a result of lower energy prices. | |  | b. | The economy grew at an annual rate of 5 percent during the first quarter of this year. | |  | c. | If two automobile companies merge, it is likely that the price of automobiles will rise. | |  | d. | An increase in international trade benefits some workers but hurts others. | |  | e. | The minimum wage should be increased so that low income workers can afford to keep up with the cost of living. |  |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Application | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 7. Which of the following most clearly distinguishes between positive and normative economics?   |  |  |  | | --- | --- | --- | |  | a. | Positive economics is the study of what ought to be; normative economics is concerned with the facts. | |  | b. | Positive economics is the study of the facts; normative economics is concerned with what ought to be. | |  | c. | Positive economics is the study of supply and demand in narrowly defined markets such as the market for shoes; normative economics focuses on highly aggregated markets such as the market for all consumer products. | |  | d. | Positive economics is the study of goods that are scarce; normative economics is concerned with goods that are not scarce. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 8. Positive economics   |  |  |  | | --- | --- | --- | |  | a. | postulates relationships among economic variables that are potentially refutable by real-world events. | |  | b. | is strictly quantitative and is, therefore, of little value to policy makers. | |  | c. | will usually indicate which economic policy is best. | |  | d. | is the same as normative economics. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 9. Which of the following is true?   |  |  |  | | --- | --- | --- | |  | a. | Positive economics deals with how people react to changes in benefits, and normative economics deals with how people react to changes in costs. | |  | b. | Positive economic statements are testable, but normative statements are not. | |  | c. | Positive economic statements involve value judgments while normative economics focuses on whether a policy will achieve its intended objectives. | |  | d. | Positive economic statements focus on policy issues while normative economics focuses on economic theory. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 10. Which of the following is a positive economic statement?   |  |  |  | | --- | --- | --- | |  | a. | Raising the federal minimum wage to $6.50 per hour will cause the rate of unemployment to increase. | |  | b. | The United States spends too much on welfare. | |  | c. | Philosophy is not as interesting as economics. | |  | d. | Cold weather is much more enjoyable than warm weather. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 11. Which of the following is a normative economic statement?   |  |  |  | | --- | --- | --- | |  | a. | Congress should increase the legal minimum wage. | |  | b. | An increase in the legal minimum wage would cause unemployment to increase. | |  | c. | An increase in the legal minimum wage would cause unemployment to decrease. | |  | d. | An increase in the legal minimum wage would lead to more equality in the distribution of income. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Application | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 12. Which of the following is a normative economic statement?   |  |  |  | | --- | --- | --- | |  | a. | If we doubled the size of welfare payments, we would reduce the number of homeless persons. | |  | b. | Companies should be concerned with more than just their profits. | |  | c. | An increase in spending on airport security will reduce the number of hijackings. | |  | d. | If social security were to be privatized, workers would earn a higher rate of return on their retirement contributions. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 13. "The standard of living is too low for many individuals in the United States. The government should implement policies designed to achieve a more equal distribution of income." The preceding statements are   |  |  |  | | --- | --- | --- | |  | a. | positive economic statements based on cause and effect. | |  | b. | normative economic statements based on value judgments. | |  | c. | based on the fallacy of composition argument. | |  | d. | an empirically validated economic principle. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 14. Positive economics   |  |  |  | | --- | --- | --- | |  | a. | postulates a relationship that is potentially refutable and then seeks to determine whether the stated relationship is correct. | |  | b. | uses value judgments to determine which policy alternatives should be chosen. | |  | c. | is of no use to policy makers because it reflects the value judgments of the researcher. | |  | d. | is the scientific study of "what ought to be" among economic relationships. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | On-line Practice | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |

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| 15. Which of the following is a positive economic statement?   |  |  |  | | --- | --- | --- | |  | a. | reducing unemployment should be the highest priority of the federal government. | |  | b. | a reduction in the payroll tax will reduce the unemployment rate. | |  | c. | corporations should be prohibited from laying off workers during a recession. | |  | d. | the current unemployment rate is too high. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *QUESTION TYPE:* | Multiple Choice | | *HAS VARIABLES:* | False | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - DISC: Scarcity, tradeoffs, and o - DISC: Scarcity, tradeoffs, and opportunity cost | | *TOPICS:* | Positive and Normative Economics | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | On-line Practice | | *DATE CREATED:* | 5/19/2016 3:03 PM | | *DATE MODIFIED:* | 5/19/2016 3:03 PM | |