

This chapter has 72 questions.

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Select0 questions at random andkeep in order

☐ 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)

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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

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

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

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

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

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

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

16. Economics is primarily the study of:

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

Select



- ☐ 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

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.

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

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.

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

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



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



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."



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



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

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




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

Multiple Choice Question

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

Multiple Choice Question

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

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

Difficulty: Hard

Reference: 01-46

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

Multiple Choice Question

Type: Application

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

Multiple Choice Question

Type: Definition

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

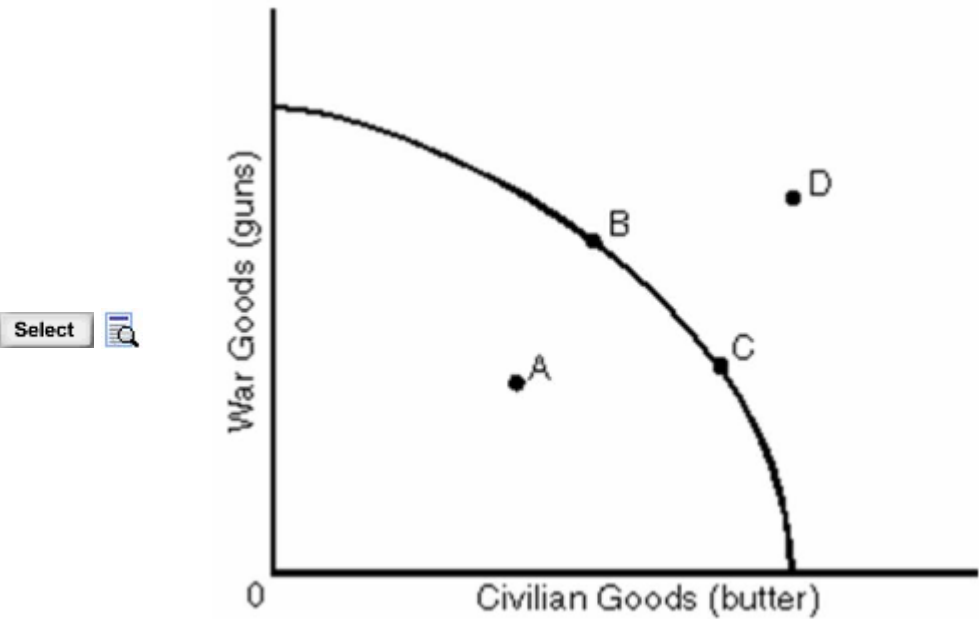
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Accessibility: Keyboard Navigation
Difficulty: Medium

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: Application



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

Multiple Choice Question
Reference: 01-51

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

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

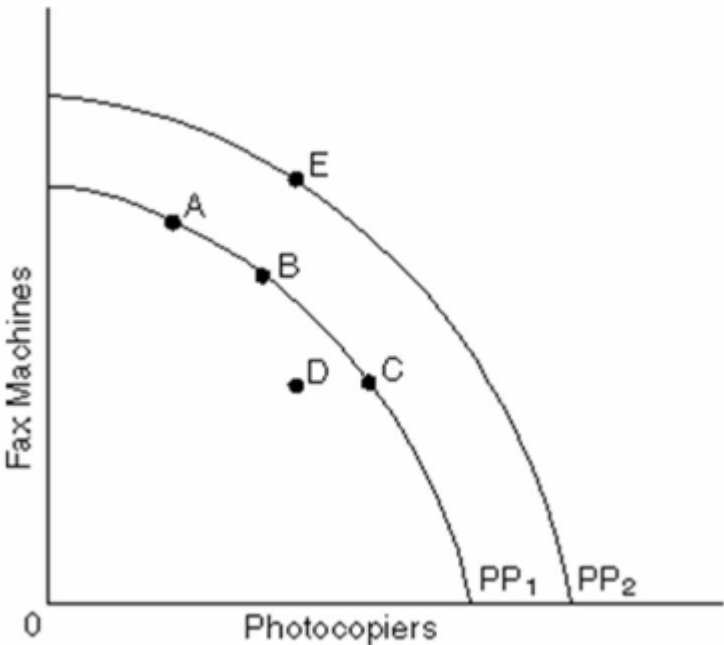
Difficulty: Hard

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 PP₁ to PP₂
- ☐ move from point B on PP₁ to point E on PP₂
- ☐ move from point E on PP₂ to point A on PP₁
- ☐ move from point D inside PP₁ to point B on PP₁
- ☐ move from point B to point C along PP₁

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 PP₁ to PP₂
- ☐ shift the production possibilities curve from PP₂ to PP₁
- ☐ move the economy from point A to point C along PP₁
- ☐ move the economy from points A, B, or C on PP₁ to point D inside PP₁
- ☐ move the economy from point C to point A along PP₁

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
Reference: 01-53

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

56. Which one of the following would shift the production possibilities curve from PP₁ to PP₂?

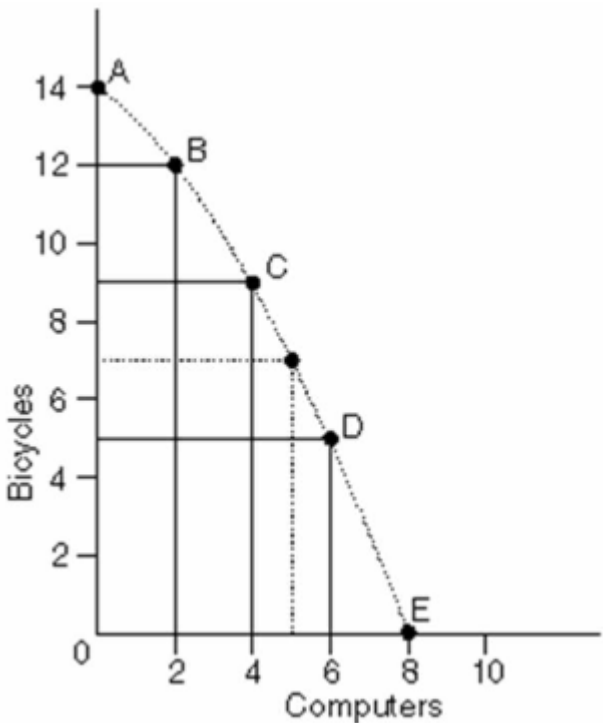
- ☐ the immigration of skilled workers into the economy
- ☐ a worsening of diseases such as AIDS
- ☐ an increase in consumer prices
- ☐ a reduction in hourly wages
- ☐ a change in consumer preferences

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
Reference: 01-53

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



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

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
Reference: 01-57

Topic: 01-08 The Production Possibilities Curve
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

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: 01-57

Topic: 01-08 The Production Possibilities Curve
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

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

Difficulty: Hard

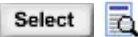
Learning Objective: 01-02 Explain how economists specify economic choice; including the production choices an entire economy faces; as demonstrated by the production possibilities model

Multiple Choice Question
Reference: 01-57

Topic: 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



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

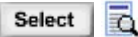
Topic: 01-08 The Production Possibilities Curve

Type: Definition

Multiple Choice Question

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



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

Type: Definition

Multiple Choice Question

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



Accessibility: Keyboard Navigation

Difficulty: Easy

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

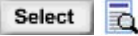
Topic: 01-12 Market Economy

Type: Definition

Multiple Choice Question

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



Accessibility: Keyboard Navigation

Difficulty: Easy

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

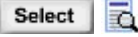
Topic: 01-12 Market Economy

Type: Definition

Multiple Choice Question

64. The economy of India most closely approximates a:

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



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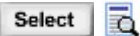
Difficulty: Easy

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

Multiple Choice Question

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



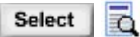
Accessibility: Keyboard Navigation
Difficulty: Hard

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



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



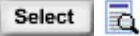
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Difficulty: Easy

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



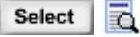
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Difficulty: Medium

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



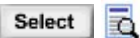
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Difficulty: Medium

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

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



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



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