

c2

Student: _____

1. Economics is the study of how society chooses to employ resources to produce goods and service and distribute them for consumption among various competing groups and individuals.

True False

2. Microeconomics looks at the operation of a nation's economy as a whole.

True False

3. Macroeconomics examines the behavior of people and organizations in particular markets.

True False

4. Resource development is the study of how to increase resources and to create the conditions that will make better use of those resources.

True False

5. The invisible hand is a theory developed by Thomas Malthus.

True False

6. Adam Smith was one of the first people to imagine a system for creating wealth and improving lives of everyone.

True False

7. Supply refers to the quantity of products that people are willing and able to buy at different prices at a specific time.

True False

8. Demand refers to the quantity of products that manufacturers or owners are willing to sell at different prices at a specific time.

True False

9. The business cycle refers to the periodic rises and falls that occur in all economies over time.

True False

10. Another name for the business cycle is the economic cycle.

True False

11. The ideal economic situation is when our economy is at equilibrium.

True False

12. A free market is one in which those wanting something of value, "buy" it by using a barter system.

True False

13. Perfect competition exists when there are many sellers in a market and no seller is large enough to dictate the price of a product.

True False

14. Monopolistic competition exists when just a few sellers dominate the market.

True False

15. An oligopoly is a form of competition in which a large number of sellers produce products that are very similar but are perceived by buyers as different.

True False

16. A monopoly occurs when there is only one seller that controls the total supply of a product and its price.

True False

17. Hot dogs, candy, and personal computers are products that are sold under monopolistic competition.

True False

18. In an oligopoly, prices for products from different companies tend to be close to the same.

True False

19. Socialism is an economic system based on the premise that all businesses should be owned by the government.

True False

20. The loss of the best and brightest people to other countries is called "brain drain".

True False

21. Communism is an economic and political system in which the state (government) makes almost all economic decisions and owns almost all the major factors of production, including housing for its people.

True False

22. Another name for a free market economy is capitalism.

True False

23. Command economies exist when the government largely decides what goods and services get produced, who gets them and how the economy grows.

True False

24. Mixed economies exist where some allocation of resources is made by the market and some by the government.

True False

25. The unemployment rate refers to the number of civilians at least 16 years old who are unemployed and who have tried to find a job within the prior four weeks.

True False

26. A price index helps to measure the health of the economy.

True False

27. Inflation means that prices are actually declining.

True False

28. A recession occurs when two or more quarters show increases in the GDP.

True False

29. Stagflation is especially harmful to a country because it means that prices are rising while people are losing their jobs or do not have jobs.

True False

30. Resource development is the study of how to increase resources and to create the conditions that will make better use of those resources.

True False

31. The basis of Adam Smith's general economic theory is the desire for improving one's own condition in life.

True False

32. Gross Domestic Product is the total value of final goods and services produced in a country in a given year.

True False

33. Monetary policy is ultimately what adds or subtracts money from the economy.

True False

34. Mixed economies exist where some allocation of resources is made by the market and some by the government.

True False

35. _____ is the study of how society chooses to employ resources to produce goods and services and distribute them for consumption among various competing groups and individuals.

36. _____ examines the behavior of people and organizations in particular markets.

37. _____ looks at the operation of a nation's economy as a whole.

38. _____ is the study of how society chooses to employ the factors of production.

39. According to economists, businesses that discover new energy sources or new ways of growing food are practicing _____ development.

40. _____ refers to the quantity of products that manufacturers or owners are willing to sell at different prices at a specific time.

41. _____ refers to the quantity of products that people are willing and able to buy at different prices at a specific time.

42. The _____ point is the point where the amount of goods sought by buyers is equal to the amount of goods produced by suppliers.

43. _____ competition exists when there are many sellers in a market and no seller is large enough to dictate the price of a product.

44. A(n) _____ is a form of competition in which just a few sellers dominate a market.

45. A(n) _____ occurs when there is only one seller that controls the total supply of a product and its price.

46. _____ is an economic system based on the premise that some, if not most, basic businesses—such as steel mills, coal mines and utilities—should be owned by the government so that profits can be evenly distributed among all the people.

47. _____ is an economic and political system in which the state makes almost all economic decisions and owns almost all the major factors of production, including housing for its people.

48. The _____ rate refers to the number of civilians at least 16 years old who do not have a job and who have tried to find a job within the prior four weeks.

49. _____ means that prices are actually declining.

50. A(n) _____ is a severe recession.

51. _____ is the study of how society chooses to employ resources to produce goods and services and distribute them for consumption among various competing groups and individuals.

- A. Business
- B. Management
- C. Economics
- D. Statistics

52. The _____ turns self-directed gain into social and economic benefits for all.

- A. Profitable heart
- B. Invisible hand
- C. Complete economic theory
- D. Golden eye

53. The development of genetically modified foods, which require less water and can produce large crops on smaller pieces of land, is called _____.

- A. Macroeconomics
- B. Microeconomics
- C. Resource development
- D. Business development

54. Under _____ theory, businesspeople don't necessarily deliberately set out to help others.

- A. Thomas Malthus'
- B. Adam Smith's
- C. Peter Drucker's
- D. Thomas Carlyle's

55. _____ refers to the quantity of products that manufacturers or owners are willing to sell at different prices at a specific time.

- A. Demand
- B. Liability
- C. Supply
- D. Dividend

56. _____ refers to the quantity of products that people are willing and able to buy at different prices at a specific time.

- A. Profit
- B. Supply
- C. Demand
- D. Resource equivalence

57. Generally the quantities of demand will _____ as the price increases.

- A. Increase
- B. Decrease
- C. Increase exponentially
- D. Quantity has no relationship with price

58. A _____ is one in which decisions about what to produce and in what quantities are made by the market.

- A. Free market
- B. Socialist market
- C. Communist market
- D. Green market

59. _____ exists when there are many sellers in a market and no seller is large enough to dictate the price of a product.

- A. Perfect competition
- B. Monopolistic competition
- C. Oligopoly
- D. Monopoly

60. _____ exists when a large number of sellers produce products that are very similar but are perceived by buyers as different.

- A. Perfect competition
- B. Monopolistic competition
- C. Oligopoly
- D. Monopoly

61. A(n) _____ is a form of competition in which just a few sellers dominate a market.

- A. Perfect competitor
- B. Monopolistic competitor
- C. Oligopoly
- D. Monopoly

62. A(n) _____ occurs when there is only one seller that controls the total supply of a product and its price.

- A. Perfect competitor
- B. Monopolistic competitor
- C. Oligopoly
- D. Monopoly

63. In a free market _____ has/have immense power to determine the price of items and the availability of items.

- A. The government
- B. Producers
- C. Consumers
- D. Entrepreneurs

64. Which of the following would likely occur in a free market if all of us decided we wanted to buy a Pittsburgh Steelers t-shirt?

- A. The government would regulate the t-shirt industry.
- B. The price of these t-shirts would go up.
- C. The number of clothing companies making Steelers t-shirts would increase.
- D. All of the responses are correct

65. Agricultural products are generally produced under which type of competition?

- A. Perfect competition
- B. Monopolistic competition
- C. Oligopoly
- D. Monopoly

66. Hot dogs, candy and personal computers are examples of products that are produced under which type of competition?

- A. Perfect competition
- B. Monopolistic competition
- C. Oligopoly
- D. Monopoly

67. Breakfast cereals, automobiles, and soft drinks are examples of products that are produced under which type of competition?

- A. Perfect competition
- B. Monopolistic competition
- C. Oligopoly
- D. Monopoly

68. Utilities such as natural gas and water generally compete as:

- A. Perfect competitors
- B. Monopolistic competitors
- C. Oligopolies
- D. Monopolies

69. Which of the following economic systems is based on the premise that some, if not most, basic businesses should be government owned so that profits can be evenly distributed among all the people?

- A. Capitalism
- B. Socialism
- C. Communism
- D. Mixed

70. Which of the following economic systems in which the state makes almost all economic decisions and owns almost all the major factors of production, including housing for its people?
- A. Capitalism
 - B. Socialism
 - C. Communism
 - D. Mixed
71. A _____ economy exists where some allocation of resources is made by the market and some by the government.
- A. Communist
 - B. Socialist
 - C. Command
 - D. Mixed
72. Which of the following is a negative consequence of socialism?
- A. Brain drain
 - B. Social equity
 - C. Unequal distribution of outcomes
 - D. Severe economic depression
73. A major indicator of economic conditions is:
- A. The gross domestic product (GDP)
 - B. The unemployment rate
 - C. The price index
 - D. All of the responses are correct
74. As a result of political or economic forces _____ unemployment means there are not enough jobs for people who want work.
- A. Seasonal
 - B. Structural
 - C. Cyclical
 - D. Frictional
75. Which of the following statements about monetary policy is most true?
- A. This policy is what adds or subtracts money from the country.
 - B. Monetary policy is controlled by the Federal Reserve System.
 - C. The most obvious role of the Federal Reserve System is to raise and lower interest rates.
 - D. All of the responses are correct

76. Explain the difference between microeconomics and macroeconomics.

77. Define supply and demand and explain what a point of equilibrium is.

78. Define the four basic types of competition.

79. What are the three major indicators of economic conditions?

c2 Key

1. (p. 33) Economics is the study of how society chooses to employ resources to produce goods and service and distribute them for consumption among various competing groups and individuals.

TRUE

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #1

2. (p. 33) Microeconomics looks at the operation of a nation's economy as a whole.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #2

3. (p. 33) Macroeconomics examines the behavior of people and organizations in particular markets.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #3

4. (p. 34) Resource development is the study of how to increase resources and to create the conditions that will make better use of those resources.

TRUE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #4

5. (p. 35) The invisible hand is a theory developed by Thomas Malthus.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #5

6. (p. 34) Adam Smith was one of the first people to imagine a system for creating wealth and improving lives of everyone.

TRUE

Bloom's: Application

Difficulty: Medium

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #6

7. (p. 35) Supply refers to the quantity of products that people are willing and able to buy at different prices at a specific time.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #7

8. (p. 35) Demand prefers to the quantity of products that manufacturers or owners are willing to sell at different prices at a specific time.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #8

9. (p. 36) The business cycle refers to the periodic rises and falls that occur in all economies over time.

TRUE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #9

10. (p. 36) Another name for the business cycle is the economic cycle.

TRUE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #10

11. (p. 36) The ideal economic situation is when our economy is at equilibrium.

TRUE

Bloom's: Application

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #11

12. (p. 37) A free market is one in which those wanting something of value, "buy" it by using a barter system.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #12

13. (p. 38) Perfect competition exists when there are many sellers in a market and no seller is large enough to dictate the price of a product.

TRUE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #13

14. (p. 39) Monopolistic competition exists when just a few sellers dominate the market.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #14

15. (p. 39) An oligopoly is a form of competition in which a large number of sellers produce products that are very similar but are perceived by buyers as different.

FALSE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #15

16. (p. 40) A monopoly occurs when there is only one seller that controls the total supply of a product and its price.

TRUE

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #16

17. (p. 39) Hot dogs, candy, and personal computers are products that are sold under monopolistic competition.

TRUE

Monopolistic competition exists when a large number of sellers produce products that are similar but are perceived by buyers as different (hot dogs, candy, personal computers, t-shirts).

Bloom's: Application

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #17

18. (p. 39) In an oligopoly, prices for products from different companies tend to be close to the same.

TRUE

In an oligopoly, prices for products from different companies tend to be close to the same. The reason for this is simple. Intense price competition would lower profits for all the competitors, since a price cut on the part of one producer would most likely match the others.

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #18

19. (p. 41) Socialism is an economic system based on the premise that all businesses should be owned by the government.

FALSE

Bloom's: Application

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #19

20. (p. 42) The loss of the best and brightest people to other countries is called "brain drain".

TRUE

Bloom's: Application

Difficulty: Easy

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #20

21. (p. 42) Communism is an economic and political system in which the state (government) makes almost all economic decisions and owns almost all the major factors of production, including housing for its people.

TRUE

Bloom's: Application

Difficulty: Easy

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #21

22. (p. 44) Another name for a free market economy is capitalism.

TRUE

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #22

23. (p. 44) Command economies exist when the government largely decides what goods and services get produced, who gets them and how the economy grows.

TRUE

Bloom's: Comprehension

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #23

24. (p. 45) Mixed economies exist where some allocation of resources is made by the market and some by the government.

TRUE

Bloom's: Comprehension

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #24

25. (p. 47) The unemployment rate refers to the number of civilians at least 16 years old who are unemployed and who have tried to find a job within the prior four weeks.

TRUE

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #25

26. (p. 48) A price index helps to measure the health of the economy.

TRUE

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #26

27. (p. 48) Inflation means that prices are actually declining.

FALSE

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #27

28. (p. 46) A recession occurs when two or more quarters show increases in the GDP.

FALSE

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #28

29. (p. 48) Stagflation is especially harmful to a country because it means that prices are rising while people are losing their jobs or do not have jobs.

TRUE

Stagflation occurs when both inflation and unemployment are high and occurring at the same time.

Bloom's: Application
Difficulty: Medium
Shah - Chapter 002 #29

30. (p. 34) Resource development is the study of how to increase resources and to create the conditions that will make better use of those resources.

TRUE

Bloom's: Comprehension
Difficulty: Medium
Learning Outcome: Understand the basics of economics, including supply and demand.
Shah - Chapter 002 #30

31. (p. 34) The basis of Adam Smith's general economic theory is the desire for improving one's own condition in life.

TRUE

Bloom's: Comprehension
Difficulty: Medium
Learning Outcome: Understand the basics of economics, including supply and demand.
Shah - Chapter 002 #31

32. (p. 46) Gross Domestic Product is the total value of final goods and services produced in a country in a given year.

TRUE

Bloom's: Knowledge
Difficulty: Easy
Learning Outcome: Discuss the major indicators of economic conditions.
Shah - Chapter 002 #32

33. (p. 49) Monetary policy is ultimately what adds or subtracts money from the economy.

TRUE

Bloom's Taxonomy: Application
Difficulty: Hard
Learning Outcome: Discuss the major indicators of economic conditions.
Shah - Chapter 002 #33

34. (p. 45) Mixed economies exist where some allocation of resources is made by the market and some by the government.

TRUE

Bloom's: Application

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #34

35. (p. 33) _____ is the study of how society chooses to employ resources to produce goods and services and distribute them for consumption among various competing groups and individuals.

Economics

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #35

36. (p. 33) _____ examines the behavior of people and organizations in particular markets.

Microeconomics

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #36

37. (p. 33) _____ looks at the operation of a nation's economy as a whole.

Macroeconomics

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #37

38. (p. 33) _____ is the study of how society chooses to employ the factors of production.

Economics

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #38

39. (p. 34) According to economists, businesses that discover new energy sources or new ways of growing food are practicing _____ development.

resource

Bloom's: Comprehension

Difficulty: Medium

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #39

40. (p. 35) _____ refers to the quantity of products that manufacturers or owners are willing to sell at different prices at a specific time.

Supply

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #40

41. (p. 35) _____ refers to the quantity of products that people are willing and able to buy at different prices at a specific time.

Demand

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #41

42. (p. 36) The _____ point is the point where the amount of goods sought by buyers is equal to the amount of goods produced by suppliers.

equilibrium

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #42

43. (p. 38) _____ competition exists when there are many sellers in a market and no seller is large enough to dictate the price of a product.

Perfect

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #43

44. (p. 39) A(n) _____ is a form of competition in which just a few sellers dominate a market.

oligopoly

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #44

45. (p. 40) A(n) _____ occurs when there is only one seller that controls the total supply of a product and its price.

monopoly

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #45

46. (p. 41) _____ is an economic system based on the premise that some, if not most, basic businesses—such as steel mills, coal mines and utilities—should be owned by the government so that profits can be evenly distributed among all the people.

Socialism

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #46

47. (p. 42) _____ is an economic and political system in which the state makes almost all economic decisions and owns almost all the major factors of production, including housing for its people.

Communism

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #47

48. (p. 47) The _____ rate refers to the number of civilians at least 16 years old who do not have a job and who have tried to find a job within the prior four weeks.

unemployment

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #48

49. (p. 48) _____ means that prices are actually declining.

Deflation

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #49

50. (p. 46) A(n) _____ is a severe recession.

depression

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #50

51. (p. 33) _____ is the study of how society chooses to employ resources to produce goods and services and distribute them for consumption among various competing groups and individuals.

- A. Business
- B. Management
- C. Economics**
- D. Statistics

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #51

52. (p. 35) The _____ turns self-directed gain into social and economic benefits for all.

- A. Profitable heart
- B. Invisible hand**
- C. Complete economic theory
- D. Golden eye

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #52

53. (p. 34) The development of genetically modified foods, which require less water and can produce large crops on smaller pieces of land, is called _____.

- A. Macroeconomics
- B. Microeconomics
- C. Resource development**
- D. Business development

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #53

54. (p. 35) Under _____ theory, businesspeople don't necessarily deliberately set out to help others.

- A. Thomas Malthus'
- B. Adam Smith's**
- C. Peter Drucker's
- D. Thomas Carlyle's

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #54

55. (p. 35) _____ refers to the quantity of products that manufacturers or owners are willing to sell at different prices at a specific time.

- A. Demand
- B. Liability
- C. Supply**
- D. Dividend

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #55

56. (p. 35) _____ refers to the quantity of products that people are willing and able to buy at different prices at a specific time.

- A. Profit
- B. Supply
- C. Demand**
- D. Resource equivalence

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #56

57. (p. 36) Generally the quantities of demand will _____ as the price increases.

- A. Increase
- B. Decrease**
- C. Increase exponentially
- D. Quantity has no relationship with price

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #57

58. (p. 37) A _____ is one in which decisions about what to produce and in what quantities are made by the market.

- A. Free market**
- B. Socialist market
- C. Communist market
- D. Green market

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #58

59. (p. 38) _____ exists when there are many sellers in a market and no seller is large enough to dictate the price of a product.

- A. Perfect competition**
- B. Monopolistic competition
- C. Oligopoly
- D. Monopoly

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #59

60. (p. 39) _____ exists when a large number of sellers produce products that are very similar but are perceived by buyers as different.

- A. Perfect competition
- B. Monopolistic competition**
- C. Oligopoly
- D. Monopoly

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #60

61. (p. 39) A(n) _____ is a form of competition in which just a few sellers dominate a market.

- A. Perfect competitor
- B. Monopolistic competitor
- C. Oligopoly**
- D. Monopoly

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #61

62. (p. 40) A(n) _____ occurs when there is only one seller that controls the total supply of a product and its price.

- A. Perfect competitor
- B. Monopolistic competitor
- C. Oligopoly
- D. Monopoly**

Bloom's: Knowledge

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #62

63. (p. 37) In a free market _____ has/have immense power to determine the price of items and the availability of items.

- A. The government
- B. Producers
- C. Consumers**
- D. Entrepreneurs

Bloom's: Comprehension

Difficulty: Medium

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #63

64. (p. 37) Which of the following would likely occur in a free market if all of us decided we wanted to buy a Pittsburgh Steelers t-shirt?

- A. The government would regulate the t-shirt industry.
- B. The price of these t-shirts would go up.
- C. The number of clothing companies making Steelers t-shirts would increase.
- D. All of the responses are correct**

Bloom's: Application

Difficulty: Hard

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #64

65. (p. 38) Agricultural products are generally produced under which type of competition?

- A.** Perfect competition
- B. Monopolistic competition
- C. Oligopoly
- D. Monopoly

Bloom's: Application

Difficulty: Medium

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #65

66. (p. 39) Hot dogs, candy and personal computers are examples of products that are produced under which type of competition?

- A. Perfect competition
- B.** Monopolistic competition
- C. Oligopoly
- D. Monopoly

Bloom's: Application

Difficulty: Medium

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #66

67. (p. 39) Breakfast cereals, automobiles, and soft drinks are examples of products that are produced under which type of competition?

- A. Perfect competition
- B. Monopolistic competition
- C.** Oligopoly
- D. Monopoly

Bloom's: Application

Difficulty: Medium

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #67

68. (p. 40) Utilities such as natural gas and water generally compete as:

- A. Perfect competitors
- B. Monopolistic competitors
- C. Oligopolies
- D.** Monopolies

Bloom's: Application

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #68

69. (p. 41) Which of the following economic systems is based on the premise that some, if not most, basic businesses should be government owned so that profits can be evenly distributed among all the people?

- A. Capitalism
- B. Socialism**
- C. Communism
- D. Mixed

Bloom's: Comprehension

Difficulty: Easy

Learning Outcome: Describe free-market capitalism and degrees of competition.

Shah - Chapter 002 #69

70. (p. 42) Which of the following economic systems in which the state makes almost all economic decisions and owns almost all the major factors of production, including housing for its people?

- A. Capitalism
- B. Socialism
- C. Communism**
- D. Mixed

Bloom's: Comprehension

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #70

71. (p. 45) A _____ economy exists where some allocation of resources is made by the market and some by the government.

- A. Communist
- B. Socialist
- C. Command
- D. Mixed**

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #71

72. (p. 42) Which of the following is a negative consequence of socialism?

- A. Brain drain**
- B. Social equity
- C. Unequal distribution of outcomes
- D. Severe economic depression

Bloom's: Application

Difficulty: Hard

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #72

73. (p. 46) A major indicator of economic conditions is:

- A. The gross domestic product (GDP)
- B. The unemployment rate
- C. The price index
- D. All of the responses are correct**

Bloom's: Application

Difficulty: Hard

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #73

74. (p. 47) As a result of political or economic forces _____ unemployment means there are not enough jobs for people who want work.

- A. Seasonal
- B. Structural
- C. Cyclical**
- D. Frictional

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #74

75. (p. 49) Which of the following statements about monetary policy is most true?

- A. This policy is what adds or subtracts money from the country.
- B. Monetary policy is controlled by the Federal Reserve System.
- C. The most obvious role of the Federal Reserve System is to raise and lower interest rates.
- D. All of the responses are correct**

Bloom's: Evaluate

Difficulty: Hard

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #75

76. (p. 33) Explain the difference between microeconomics and macroeconomics.

Macroeconomics looks at the operation of a nation's economy as a whole, while microeconomics examines the behavior of people and organizations in particular markets. While macroeconomics looks at how many jobs exist in the whole economy, microeconomics examines how many people will be hired in a particular industry or a certain region of the country.

Bloom's: Analysis

Difficulty: Easy

Learning Outcome: Understand the basics of economics, including supply and demand.

Shah - Chapter 002 #76

77. (p. 35) Define supply and demand and explain what a point of equilibrium is.

Supply refers to the quantity of products that manufacturers or owners are willing to sell at different prices at a specific time. Demand refers to the quantity of products that people are willing and able to buy at different prices at a specific time. The ideal economic situation is when our economy is at an equilibrium point. The equilibrium point is the point where the amount of goods sought by buyers is equal to the amount of goods produced by suppliers.

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Understand the differences between socialism and communism.

Shah - Chapter 002 #77

78. (p. 38-40) Define the four basic types of competition.

The four basic types of competition include perfect competition, monopolistic competition, oligopoly, and monopoly. Perfect competition exists when there are many sellers in a market and no seller is large enough to dictate the price of a product. Monopolistic competition exists when a large number of sellers produce products that are very similar but are perceived as different by buyers. An oligopoly is a form of competition in which just a few sellers dominate a market. A monopoly exists when there is only one seller that controls the total supply of a product and its price.

Bloom's: Knowledge

Difficulty: Medium

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #78

79. (p. 46) What are the three major indicators of economic conditions?

The gross domestic product, the unemployment rate and the prices indices.

Bloom's: Application

Difficulty: Easy

Learning Outcome: Discuss the major indicators of economic conditions.

Shah - Chapter 002 #79

c2 Summary

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