

Type: multiple choice question

Title: Chapter 01 - Question 01

01) Which of the following is a positive statement in economics?

a. The income in the UK needs to be distributed more fairly.

Feedback: Remember that "positive" economic theories can be tested. This is a normative statement.

Page reference: 14

b. The government needs to put more emphasis on improving UK export levels.

Feedback: Remember that "positive" economic theories can be tested. This is a normative statement.

Page reference: 14

*c. An increase in demand will increase the equilibrium price.

Feedback: Remember that "positive" economic theories can be tested.

Page reference: 14

d. Faster economic growth is more important than a better quality of goods.

Feedback: Remember that "positive" economic theories can be tested. This is a normative statement.

Page reference: 14

Type: multiple choice question

Title: Chapter 01 - Question 02

02) Which of the following is a normative statement in economics?

a. A higher price reduces the quantity demanded.

Feedback: This is a positive statement. Remember normative economics is a matter of opinion rather than a testable "fact".

Page reference: 14

b. A higher price reduces the quantity supplied.

Feedback: This is a positive statement. Remember normative economics is a matter of opinion rather than a testable "fact".

Page reference: 14

*c. The government should spend more on healthcare.

Feedback: Remember normative economics is a matter of opinion rather than a testable "fact".

Page reference:

d. Increased spending by the government can increase the price level.

Feedback: This is a positive statement. Remember normative economics is a matter of opinion rather than a testable "fact".

Page reference: 14

Type: multiple choice question

Title: Chapter 01 - Question 03

03) Scarcity and choice occur because of:

a. Unlimited resources and limited human wants.

Feedback: Consumers' wants are unlimited but what an economy can produce at any moment is limited.

Page reference: 6

*b. Limited resources and unlimited human wants.

Feedback: Consumers' wants are unlimited but what an economy can produce at any moment is limited.

Page reference: 6

c. Unlimited resources and unlimited human wants.

Feedback: Consumers wants are unlimited but what an economy can produce at any moment is limited.

Page reference: 6

d. Limited resources and limited human wants.

Feedback: Consumers wants are unlimited but what an economy can produce at any moment is limited.

Page reference: 6

Type: multiple choice question

Title: Chapter 01 - Question 04

04) Resources in an economy do **not** include:

*a. Demand

Feedback: Remember that resources are inputs used in the production process.

Page reference: 4

b. Capital

Feedback: Remember that resources are inputs used in the production process.

Page reference: 4

c. Labour

Feedback: Remember that resources are inputs used in the production process.

Page reference: 4

d. Land

Feedback: Remember that resources are inputs used in the production process.

Page reference: 4

Type: multiple choice question

Title: Chapter 01 - Question 05

05) A mixed economy:

a. Has no supply.

Feedback: A mixed economy has a private sector and a government sector.

Page reference: 11

b. Has no demand.

Feedback: A mixed economy has a private sector and a government sector.

Page reference: 11

c. Is run by the government.

Feedback: A mixed economy has a private sector and a government sector.

Page reference: 11

***d. Has a private and a public sector.**

Feedback: A mixed economy has a private sector and a government sector.

Page reference: 11

Type: multiple choice question

Title: Chapter 01 - Question 06

06) Which of the following is in the public sector in the UK?

a. Tesco plc.

Feedback: Remember the public sector includes government owned organizations. Tesco is privately owned.

Page reference: 18

b. A sole trader

Feedback: Remember the public sector includes government owned organizations. Sole traders are privately owned.

Page reference: 18

***c. The BBC**

Feedback: Remember the public sector includes government owned organizations.

Page reference: 18

d. BP plc

Feedback: Remember the public sector includes government owned organizations. BP is privately owned.

Page reference: 18

Type: multiple choice question

Title: Chapter 01 - Question 07

07) Organizations in the public sector:

a. Are owned by investors.

Feedback: Public sector organizations are run or regulated by the government in the interests of society.

Page reference: 18

b. Are likely to be driven by the profit motive.

Feedback: Public sector organizations are run or regulated by the government in the interests of society. Social motives are likely to be significant.

Page reference: 18

***c. Are more likely to have social objectives.**

Feedback: Public sector organizations are run or regulated by the government in the interests of society. Social motives are likely to be significant.

Page reference: 18

d. Report to shareholders.

Feedback: Public sector organizations are run or regulated by the government in the interests of society. They do not have shareholders.

Page reference: 18

Type: multiple choice question

Title: Chapter 01 - Question 08

08) Capital goods:

a. Are for immediate consumption.

Feedback: Capital goods are an investment to increase production for the future.

Page reference: 16

b. Are usually bought by households.

Feedback: Capital goods are an investment to increase production for the future. They are usually bought by businesses.

Page reference: 16

***c.** Are bought by firms for production.

Feedback: Capital goods are an investment to increase production for the future.

Page reference: 16

d. Help to raise the standard of living in the short run.

Feedback: Capital goods are an investment to increase production for the future.

Page reference: 16

Type: multiple choice question

Title: Chapter 01 - Question 09

09) Which of the following is an example of microeconomics?

a. The causes of UK unemployment.

Feedback: Microeconomics focuses on specific markets not the whole economy. Unemployment is a macro issue.

Page reference: 15

b. The consequences of faster economic growth.

Feedback: Microeconomics focuses on specific markets not the whole economy. Economic growth is a macro issue.

Page reference: 15

c. The causes of a UK trade deficit.

Feedback: Microeconomics focuses on specific markets not the whole economy. A trade deficit is a macro issue.

Page reference: 15

***d.** The price of houses in Oxford.

Feedback: Microeconomics focuses on specific markets not the whole economy.

Page reference: 15

Type: multiple choice question

Title: Chapter 01 - Question 10

10) "We need to redistribute income to make it "fairer" is an example of a:

a. Positive economic statement.

Feedback: Normative economics involves opinions. Positive economics involves testable statements.

Page reference: 14

***b.** Normative economic statement.

Feedback: Normative economics involves opinions. Positive economics involves testable statements.

Page reference: 14

c. Keynesian economic statement.

Feedback: Normative economics involves opinions. Positive economics involves testable statements.

Page reference: 14

d. Mixed economic statement.

Feedback: Normative economics involves opinions. Positive economics involves testable statements.

Page reference: 14

Type: multiple choice question

Title: Chapter 01 - Question 11

11) Which of the following is not an opportunity cost of attending university?

a. The income foregone from full-time employment

Feedback: Opportunity cost is the opportunity foregone. Regardless of whether you work or attend university you have to eat.

Page reference: 8

*b. The cost of meals

Feedback: Opportunity cost is the opportunity foregone. Regardless of whether you work or attend university you have to eat.

Page reference: 8

c. The tuition fee paid

Feedback: Opportunity cost is the opportunity foregone. Regardless of whether you work or attend university you have to eat.

Page reference: 8

d. The cost of textbooks and equipment for your course

Feedback: Opportunity cost is the opportunity foregone. Regardless of whether you work or attend university you have to eat.

Page reference: 8

Type: multiple choice question

Title: Chapter 01 - Question 12

12) Three questions we need to ask are:

a. What is to be produced, who is going to produce, and when are we going to produce.

Feedback: The three questions that we need to ask are what, how, and for whom.

Page reference: 7

*b. What is to be produced, how to produce, and for whom to produce.

Feedback: The three questions that we need to ask are what, how, and for whom.

Page reference: 7

c. How to produce, when to produce, and for whom to produce.

Feedback: The three questions that we need to ask are what, how, and for whom.

Page reference: 7

d. Who is going to produce, when to produce, and for whom to produce.

Feedback: The three questions that we need to ask are what, how, and for whom.

Page reference: 7

Type: multiple choice question

Title: Chapter 01 - Question 13

13) An example of a planned economy would be:

a. United States

Feedback: In planned economies the government takes an overview and makes key decisions within the economy.

Page reference: 9

b. Japan

Feedback: In planned economies the government takes an overview and makes key decisions within the economy.

Page reference: 9

c. United Kingdom

Feedback: In planned economies the government takes an overview and makes key decisions within the economy.

Page reference: 9

*d. Cuba

Feedback: In planned economies the government takes an overview and makes key decisions within the economy.

Page reference: 9

Type: multiple choice question

Title: Chapter 01 - Question 14

14) In the free market, decisions are made by:

a. The government

Feedback: In free markets economic outcomes are determined by individuals and private firms without government involvement.

Page reference: 9

b. Private firms only

Feedback: In free markets economic outcomes are determined by individuals and private firms without government involvement.

Page reference: 9

***c.** Individuals and private firms

Feedback: In free markets economic outcomes are determined by individuals and private firms without government involvement.

Page reference: 9

d. Individuals only

Feedback: In free markets economic outcomes are determined by individuals and private firms without government involvement.

Page reference: 9

Type: multiple choice question

Title: Chapter 01 - Question 15

15) Which of the following is not an advantage of the free market?

a. Greater efficiency

Feedback: Lack of government involvement means that individuals and firms make decisions rather than relying on a central body to make decisions for them.

Page reference: 9-10

b. Increased profits

Feedback: Lack of government involvement means that individuals and firms make decisions rather than relying on a central body to make decisions for them.

Page reference: 9-10

c. Greater consumer choice

Feedback: Lack of government involvement means that individuals and firms make decisions rather than relying on a central body to make decisions for them.

Page reference: 9-10

***d.** More bureaucracy

Feedback: Lack of government involvement means that individuals and firms make decisions rather than relying on a central body to make decisions for them.

Page reference: 9-10