Student name:\_\_\_\_\_\_\_\_\_\_

**1)** Because resources are scarce relative to human wants, economics is best described as

 A) the science of allocating productive resources fairly.
 B) a science of choice.
 C) the science of allocating goods and services fairly.
 D) the set of natural laws that govern human behavior in the face of adverse conditions.

**2)** Labor economics is studied as a distinct subfield of economics because

 A) the bulk of national income is received by labor.
 B) the concepts of supply and demand must be revised somewhat when applied to labor markets.
 C) labor economics can be used to analyze major socioeconomic trends such as the surge in the number of women workers.
 D) All of these choices are correct.

**3)** The bulk of national income flows to

 A) landowners in the form of rent.
 B) capital owners in the form of interest.
 C) capital owners in the form of profit.
 D) workers in the form of wages and salaries.

**4)** As distinct from product market transactions, labor market transactions are unique in that

 A) to the seller, the nonmonetary characteristics of the sale can be as important as the price.
 B) labor demand curves slope upward.
 C) the price of labor is not determined by supply and demand factors.
 D) they are less complex.

**5)** The concept of demand must be modified when applied to labor markets to reflect the fact that

 A) nonmonetary characteristics of jobs may be as important to workers as their pay.
 B) labor demand curves slope upward from left to right.
 C) the demand for labor is derived from the demand for the various products that labor produces.
 D) the demand for output is derived from the demand for labor used to produce that output.

**6)** The "old" view of labor economics stresses \_\_\_\_\_\_\_\_, while the "new" view focuses upon \_\_\_\_\_\_\_\_.

 A) analysis; markets
 B) description; analysis
 C) description; institutions
 D) institutions; description

**7)** Because scarcity forces people to make purposeful choices, labor market participants

 A) work as many hours as possible.
 B) respond to changes in perceived costs and benefits.
 C) make choices that cannot be predicted.
 D) must have perfect information.

**8)** The three basic characteristics of the economic perspective are

 A) relative scarcity, purposeful behavior, and adaptability.
 B) supply, demand, and equilibrium.
 C) description, institutions, and facts.
 D) prices, quantities, and incomes.

**9)** Which one of the following topics is most suited to macroeconomic analysis?

 A) labor supply decisions of married women
 B) short-run labor demand in a particular industry
 C) the individual decision on how much education to obtain
 D) the impact of a recession on the country’s unemployment rate

**10)** Which one of the following topics is most suited to microeconomic analysis?

 A) the average level of real wages
 B) the unemployment rate
 C) the average level of labor productivity
 D) mobility and migration decisions

**11)** Nobel Laureate Gary Becker is known for economic theories in all of the following areas *except*

 A) economics of households.
 B) investment in human capital.
 C) the "old" labor economics.
 D) economics of discrimination.

**12)** Nobel Laureate Gary Becker’s basic professional contribution is his

 A) application of traditional theories of anthropology to labor markets.
 B) application of the economic perspective to law, sociology, demographics, and anthropology.
 C) statistical verification of race and gender discrimination.
 D) explanation of the limitations of the economic perspective in explaining labor markets.

**Answer Key**Test name: chapter 1

1) B

2) D

3) D

4) A

5) C

6) B

7) B

8) A

9) D

10) D

11) C

12) B