Chapter Fourteen Multiple Choice (Answers Below)

1. Which of the following are fundamental to the capitalist market economy?
   1. Private ownership of property
   2. The use of market transactions to allocate inputs and outputs
   3. Both
   4. Neither
2. Which of the following is most associated with the doctrine of laissez-faire?
   1. Conservatism
   2. Liberalism
   3. Socialism
   4. None of the above
3. Under the laissez-faire doctrine, the ideal state is which of the following?
   1. Optimal
   2. Maximized
   3. Minimal
   4. None of the above
4. Which of the following are commonly identified flaws within Marxist analysis?
   1. Overestimation of the revolutionary potential of working class
   2. Underestimation of the potential for reform of capitalism
   3. Failure to anticipate the emergence of a significant middle class
   4. All of the above
5. Which of the following theorists is most closely associated with the doctrine of laissez-faire?
   1. Locke
   2. Smith
   3. Burke
   4. None of the above
6. Which of the following theorists divided society into the bourgeoisie and the proletariat?
   1. Marx
   2. Smith
   3. Ricardo
   4. All of the above
7. Laissez-faire economics tends NOT to produce which of the following observed outcomes?
   1. An accumulation of wealth in the hands of the owners of the means of production
   2. A consolidation of capital, reducing the number of means-of-production owners
   3. A levelling of relative wealth across classes
   4. All of the above
8. The tendency of the economy to pass through periods of growth and stagnation is called which of the following?
   1. Inefficient growth
   2. The business cycle
   3. The economic pattern
   4. None of the above
9. The business cycle undermines which of the following arguments about laissez-faire?
   1. That it is better to be unequal and secure than equal and poor
   2. That over time, the unregulated market increases the price of labour
   3. Both
   4. Neither
10. Which of the following is NOT a common criticism of trade unions?
    1. They tend towards conservatism and legitimate the system
    2. They drive up consumer prices
    3. They limit job opportunities
    4. None of the above
11. Which of the following was necessary in order to establish the market?
    1. Compulsion of individuals to accept the traditional structures of medieval society
    2. Use of political authority consistent with the needs of market-based classes
    3. Interference by governments with the autonomy of the market
    4. All of the above
12. Which of the following is NOT a characteristic of the welfare state?
    1. State ownership of the means of production
    2. State activism
    3. Policies of redistribution
    4. None of the above
13. With which group can the interests of the bureaucratic middle class coincide?
    1. Employer-owners
    2. Workers
    3. Both
    4. Neither
14. The impact of the dismantling of the welfare state on consumption has been balanced by which of the following?
    1. The rise of private consumer debt
    2. Voluntary redistribution in the market
    3. Foreign debt ownership
    4. All of the above
15. Which of the following priorities dominates in the modern capitalist corporation?
    1. Profitability
    2. Shareholder value
    3. Both
    4. Neither
16. Where has the welfare state been most successfully defended?
    1. North America
    2. Africa
    3. Europe
    4. None of the above
17. Which of the following factors are likely to define emerging economic challenges?
    1. Infrastructure deficits
    2. An aging population
    3. Income inequality
    4. All of the above
18. Which of the following terms describes the point at which petroleum becomes too expensive to use as fuel?
    1. The point of no return
    2. The event horizon
    3. Peak oil
    4. None of the above
19. Dismantling the welfare state has generally led to which of the following?
    1. Greater economic inequality
    2. New production and employment
    3. Market-based redistribution of wealth
    4. All of the above

Answers: 1c, 2b, 3c, 4d, 5b, 6a, 7c, 8b, 9c, 10d, 11b, 12a, 13c, 14a, 15b, 16c, 17d, 18c, 19a