

Knowledge

Multiple Choice Questions (MCQs) 1 mark each question

Q1. Which of the following is an example of a **primary industry**?

- a) Banking
- b) Forestry
- c) Retail trade
- d) Education

Q2. A **sole proprietorship** is best described as:

- a) A business owned by shareholders
- b) A business owned by two or more partners
- c) A business owned and operated by one person
- d) A government-owned business

Q3. What is the main advantage of a **corporation** compared to a sole proprietorship or partnership?

- a) It pays no taxes
- b) It is easier to set up
- c) Shareholders have limited liability
- d) Each shareholder has one vote only

Q4. A **merger** occurs when:

- a) One company purchases another company outright
- b) Two companies join together to operate as one
- c) A government privatizes a Crown corporation
- d) A multinational company establishes a branch plant abroad

Q5. Which of the following is traded in a **futures market**?

- a) Commodities for immediate delivery
- b) Commodities for delivery at a future date
- c) Shares in private corporations
- d) Government bonds

Q6: Which of the following is a key feature of a perfectly competitive market?

- a) Few large firms dominate the market
- b) Price takers with homogeneous products
- c) Differentiated products with branding
- d) Single seller with full price control

Q7: Which of the following industries is an example of monopolistic competition?

- a) Local electricity supply
- b) Airlines (Delta, American Airlines)
- c) Clothing brands like Zara and H&M
- d) Stock market trading

Q8: In an oligopoly:

- a) Firms are price takers and products are identical
- b) A single firm controls the market
- c) Few large firms dominate, and decisions are interdependent
- d) Many sellers offer identical products

Q9: Which market structure has **high barriers to entry** and a **single seller**?

- a) Perfect Competition
- b) Monopolistic Competition
- c) Oligopoly
- d) Monopoly

Q10: Non-price competition, such as advertising and promotions, is a common feature of:

- a) Perfect Competition
- b) Monopolistic Competition
- c) Oligopoly
- d) Monopoly

Thinking Questions

Question 1:

Why might consumers benefit from monopolistic competition even though firms have some control over prices? 4 marks

Q2. Why might multinational corporations (MNCs) choose to establish **branch plants** in Canada? Provide at least two reasons with examples. 2 marks

Q3. Imagine you are starting a small technology business. Would you choose to operate as a **sole proprietorship, partnership, or corporation**? Explain your reasoning based on **liability, taxation, and growth potential**. 4 marks

Application

Q1. Imagine consumer spending in Canada suddenly decreases because people are worried about job security. Explain how this change might affect businesses, employment, and the stock market.

Q2. The stock market is often described as being in a **“bull market”** (prices rising, optimism) or a **“bear market”** (prices falling, pessimism). Suppose the economy is slowing down and company profits are falling. Would you expect the market to be bullish or bearish? Explain your reasoning.

