

*Test Bank for Labour Market
Economics 2026 Canadian Release 1st
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ISBN: 9781266137228

Correct answers located at the end of the chapter.

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

- 1) The portion of the population that is surveyed as potential labour force participants consists of _____.
 - A) the civilian non-institutional population
 - B) the unemployed plus the employed population
 - C) the entire civilian population that is 15 years of age or older
 - D) individuals who do hold jobs
 - E) the entire population of Canada
- 2) Which of the following statements applies to the unemployed population?
 - A) They are either unable to work or on strike.
 - B) They are jobless.
 - C) They are jobless but are actively seeking work.
 - D) They are working fewer hours than they would like to.
 - E) They are working but are underpaid.
- 3) Which of the following groups of workers are considered to be part of the labour force?
 - A) full-time students
 - B) the hard-core unemployed
 - C) discouraged workers
 - D) members of the Canadian military
 - E) homemakers
- 4) What is an approximate figure for the labour force participation rate in Canada?
 - A) 40 percent
 - B) 50 percent
 - C) 65 percent
 - D) 80 percent
 - E) it cannot be determined, as there are no reliable data available

- 5) When examining cross-national data on labour force participation rates, which of the following phenomena are apparent?
- A) that higher income countries tend to have higher rates than do lower income countries
 - B) that these rates for women tend to be higher than they are for men
 - C) that higher income countries tend to have lower rates
 - D) that men in higher income countries have much higher rates than men in lower income countries
 - E) that women in higher income countries have much higher rates than women in lower income countries
- 6) The expression for the unemployment rate (UR) is ____.
- A) $UR = \frac{(\text{employed} - \text{unemployed})}{\text{unemployed}}$
 - B) $UR = \frac{(\text{employed} - \text{unemployed})}{\text{labour force}}$
 - C) $UR = \frac{\text{unemployed}}{\text{labour force}}$
 - D) $UR = \frac{(\text{unemployed})}{(\text{employed})}$
 - E) $UR = \frac{(\text{unemployed})}{(\text{population})}$
- 7) Consider the statistic called the labour force participation rate. It can be thought of in terms of which of the following?
- A) a proxy for the supply side of the labour market
 - B) a proxy for the demand side of the labour market
 - C) a proxy that reflects both the demand side and the supply side of the labour market
 - D) the job vacancy rate
 - E) none of these apply.
- 8) Consider the statistic called the employment rate. It can be thought of in terms of which of the following?
- A) a proxy for the supply side of the labour market
 - B) a proxy for the demand side of the labour market
 - C) a proxy that reflects both the demand side and the supply side of the labour market
 - D) the job vacancy rate
 - E) none of these apply.

- 9) Consider the statistic called the unemployment rate. It can be thought of in terms of which of the following?
- A) a proxy for the supply side of the labour market
 - B) a proxy for the demand side of the labour market
 - C) a proxy that reflects both the demand side and the supply side of the labour market
 - D) the job vacancy rate
 - E) none of these apply
- 10) What is the name of the data set from which the monthly statistics on unemployment is drawn?
- A) the Labour Force Survey
 - B) the census
 - C) the cross-sectional data survey
 - D) the Job Vacancy and Wage Survey
 - E) the Canadian Income Survey
- 11) Which of the following trends regarding the post-World War II history of labour force participation rates (LFPR) is true?
- A) The LFPR for men rose, but the LFPR for women fell.
 - B) The LFPR fell for both men and women.
 - C) The LFPR rose for both men and women.
 - D) The LFPR for men fell, but the LFPR for women rose.
 - E) There were no noticeable trends for either gender.
- 12) Suppose that the unemployment rate is 6.6 percent, and that the level of unemployment is 1.49 million. What is the approximate value for the level of employment?
- A) about 34 million
 - B) about 21 million
 - C) about 61.6 percent
 - D) about 65.5 percent
 - E) there is insufficient information to answer this question
- 13) Suppose that the unemployment rate is 6.6 percent, and that the level of employment is 21.0 million. What is the approximate value for the level of unemployment?
- A) about 34 million
 - B) about 1.5 million
 - C) about 61.6 percent
 - D) about 65.5 percent
 - E) there is insufficient information to answer this question
- 14) Which of the following groups is **NOT** considered to be in the labour force?
- A) employed workers
 - B) unemployed workers
 - C) discouraged workers
 - D) jobless people
 - E) none of these apply, as they are all participating in the labour force

15) Which of the following does **NOT** refer to an institution that plays a role in shaping Canadian labour markets?

- A) minimum wage laws
- B) equity and human rights rules and laws
- C) the Canadian Labour Code
- D) federal versus provincial jurisdiction
- E) the average wage level for Canadian workers

16) Which of the following is **NOT** a type of data that might be utilized by empirical researchers in labour economics?

- A) accounting data
- B) cross-sectional data
- C) panel / longitudinal data
- D) time series or aggregate data
- E) none of these options

17) The average annual earnings of Canadian workers in 2022 were in the range of ____.

- A) \$55,000--\$65,000
- B) \$45,000--\$55,000
- C) \$65,000--\$75,000
- D) \$75,000--\$85,000
- E) \$85,000--\$95,000

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

18) Explain the difference between a statistical correlation between two variables (such as wages and the union status of the worker) and a causal relationship between two variables.

SECTION BREAK. Answer all the part questions.

19) Consider the following real data regarding the Canadian labour market that was reported in early 2025. The working-age population was 34.34 million, the labour force numbered 22.48 million, those not in the labour force numbered 11.86 million, employment was 20.99 million, and unemployment was 1.49 million.

19.1) Given the information above, what was the labour force participation rate?

- A) 65.5 percent
- B) 6.6 percent
- C) 61.6 percent
- D) 93.4 percent
- E) there is insufficient information to answer this question

- 19.2) What was the employment rate?
- A) 65.5 percent
 - B) 6.6 percent
 - C) 61.6 percent
 - D) 93.4 percent
 - E) there is insufficient information to answer this question
- 19.3) What was the unemployment rate?
- A) 65.5 percent
 - B) 6.6 percent
 - C) 61.6 percent
 - D) 93.4 percent
 - E) there is insufficient information to answer this question
- 19.4) What was the total population of Canada?
- A) 65.5 percent
 - B) 6.6 percent
 - C) 61.6 percent
 - D) 93.4 percent
 - E) there is insufficient information to answer this question

Answer Key

Test name: Chapter 02

- 1) C
- 2) C
- 3) B
- 4) C
- 5) A
- 6) C
- 7) A
- 8) B
- 9) C
- 10) A
- 11) D
- 12) B
- 13) B
- 14) C
- 15) E
- 16) A
- 17) A
- 18) Short Answer
- 19) Section Break
- 19.1) A
- 19.2) C
- 19.3) B
- 19.4) E