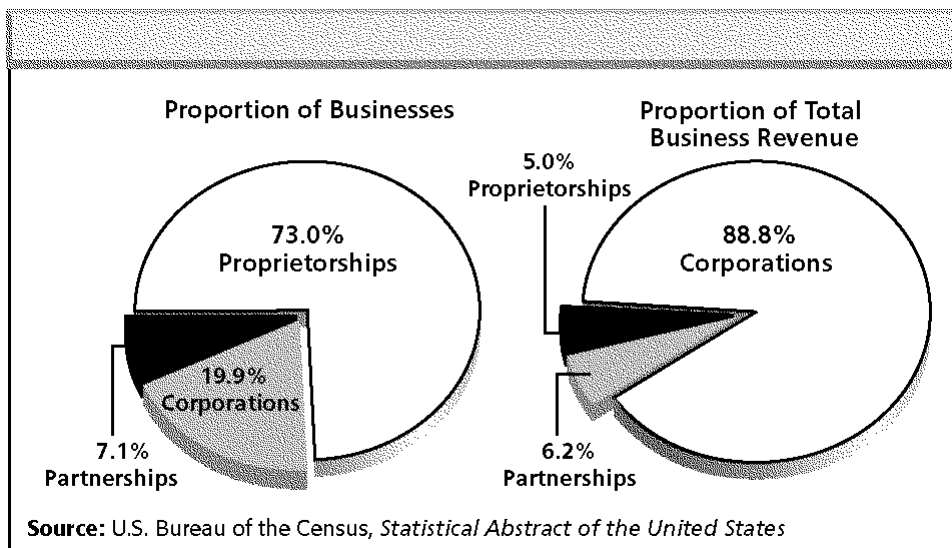


Chapter 3 Practice Test

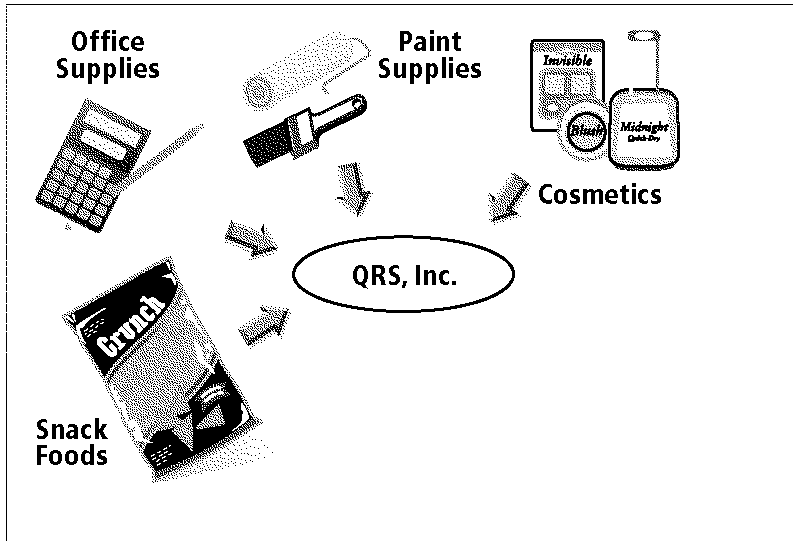
Multiple Choice

Identify the choice that best completes the statement or answers the question.

- ___ 1. Unlike a general partnership, in a limited partnership
- all partners share equal financial responsibility for the firm's decisions.
 - the inactive partner has limited liability for the business's debts.
 - the partners must pay special business taxes.
 - the business does not end with the death of a partner.
- ___ 2. This regulates the sale of stock in a corporation.
- labor unions
 - Securities and Exchange Commission
 - stockbrokers
 - chamber of commerce
- ___ 3. A merger of corporations involved in different steps of manufacturing or marketing is known as a
- multinational merger.
 - horizontal merger.
 - vertical merger.
 - conglomerate.



- ___ 4. According to the illustration, what is the least common form of business organization in the United States?
- proprietorships
 - partnerships
 - corporations
 - joint ventures



9. What type of merger does the illustration depict?
- a. horizontal merger
 - b. vertical merger
 - c. diagonal merger
 - d. conglomerate

Largest American-Owned Multinationals						
Rank/Company	Revenue			Assets		
	Foreign (\$mil)	Total (\$mil)	Foreign as % of Total	Foreign (\$mil)	Total (\$mil)	Foreign as % of Total
1. Exxon	143,044	206,083	69.4	56,742	89,829	63.2
2. Ford Motor	51,691	170,064	30.4	19,874	45,804	43.4
3. IBM	51,180	88,396	57.9	14,348	35,797	40.1
4. General Motors	48,233	184,632	26.1	12,578	35,376	35.6
5. Texaco	43,146	60,220	71.6	7,879	15,897	49.6
6. General Electric	42,390	129,853	32.6	159,367	437,006	36.5
7. Citigroup	37,396	111,826	33.4	269,837	741,114	36.4
8. Wal-Mart Stores	32,100	191,329	16.8	25,742	78,130	32.9
9. Chevron	31,374	69,058	45.4	27,126	50,832	53.4
10. Hewlett-Packard	27,230	48,782	55.8	2,244	4,500	49.9

Source: *Forbes*, July 23, 2001.

10. According to the table, more than half of the assets of which company or companies are located outside of the United States?
- a. Exxon
 - b. Exxon, IBM, Texaco, Hewlett-Packard
 - c. all of them
 - d. Chevron, Exxon

Chapter 3 Practice Test Answer Section

1. ANS: B PTS: 1 DIF: Average
REF: Learn more about this question in *Economics Principles and Practices*, pages 64-65.
2. ANS: B PTS: 1 DIF: Average
REF: Learn more about this question in *Economics Principles and Practices*, page 70.

3. ANS: C PTS: 1 DIF: Challenging
REF: Learn more about this question in Economics Principles and Practices, page 75.
4. ANS: B PTS: 1 DIF: Easy
REF: Learn more about this question in Economics Principles and Practices, page 64.
5. ANS: D PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, pages 62-64.
6. ANS: C PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, pages 64-66.
7. ANS: C PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, pages 82-83.
8. ANS: D PTS: 1 DIF: Easy
REF: Learn more about this question in Economics Principles and Practices, pages 64-66.
9. ANS: D PTS: 1 DIF: Average
REF: Learn more about this question in Economics Principles and Practices, page 76.
10. ANS: D PTS: 1 DIF: Easy
REF: Learn more about this question in Economics Principles and Practices, pages 76-77.