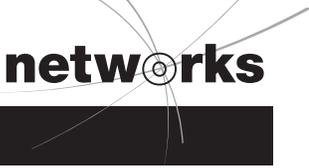


Lesson Quiz 1-2



What is Economics?

DIRECTIONS: Matching Match each item with the correct factor of production. You may use the factors of production more than once.

- | | |
|--|-------------------------|
| _____ 1. computers used to produce magazine articles | A. land |
| _____ 2. the South's rainy season | B. capital |
| _____ 3. a third-grade teacher | C. labor |
| _____ 4. the manager of a car repair shop | D. entrepreneurs |
| _____ 5. developer of a new smartphone app | |

DIRECTIONS: Multiple Choice Indicate the answer choice that best completes the statement or answers the question.

- _____ 6. Which of the factors of production involves taking risks and combining resources to produce a good or service?
- | | |
|-------------------|-------------------------|
| A. land | C. labor |
| B. capital | D. entrepreneurs |
- _____ 7. Opportunity cost refers to
- | |
|---|
| A. the dollar amount attached to a good or service. |
| B. the value of the next best alternative. |
| C. the cost of not expanding production. |
| D. the cost of labor when production is expanded or changed. |
- _____ 8. When deciding how to use resources, you need to evaluate the costs and benefits of each choice to decide which meets your criteria. These are called
- | | |
|--------------------------|-------------------------------|
| A. trade-offs. | C. resource frontiers. |
| B. opportunities. | D. priorities. |
- _____ 9. Consumers are powerful because
- | |
|--|
| A. they have more rights than corporations. |
| B. they help decide a business's opportunity costs. |
| C. they drive decisions about what to produce. |
| D. their interests force producers to behave ethically. |
- _____ 10. Consumers are expected to read the full information about a product before making a purchase. This is an example of a consumer's
- | | |
|--------------------------|-----------------------------|
| A. opportunities. | C. habits. |
| B. rights. | D. responsibilities. |