Name: _____ **Date:** _____

Economics Unit 2
Factors of Production

Read each question carefully. Choose the best answer by circling.

1. Which **ONE** is not a term for the factors of production?
   A. Inputs
   B. Factor incomes
   C. Factor resources
   D. Economic resources

2. What is the reward for the manager of a company?
   A. Wages
   B. Royalties
   C. Rent
   D. Salaries

3. The entrepreneur is said to be in a separate category from all other workers? Which **ONE** is not a characteristic of an entrepreneur?
   A. Drives the economy
   B. Innovator
   C. Risk-taker
   D. Drags the economy

4. Why is the factor of production Capital, unique?
   A. It is fixed in supply
   B. It is limited in supply
   C. It is itself a capital good
   D. It is non-replaceable

5. The following are factors of production:

   i. Capital ii. Human Resources iii. Natural Resources iv. Productivity

   A. i. only
   B. i., ii. And iii only
   C. ii, iii, and iv. only
   D. I, ii, iii and iv

6. Which is an example of a renewable resource?
   A. Grouper

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B. Oil
C. Coal
D. Limestone

7. Which is **NOT** an example of a renewable resource?
   A. Oil
   B. Grouper
   C. Rainfall
   D. Sunlight

8. Which of the following is NOT a payment made to households in exchange for the use of the factor of production?
   A. Interest
   B. Rent
   C. Taxes
   D. Wages

9. What is the reward earned by the factor of production known as land?
   A. Interest
   B. Profit
   C. Rent
   D. Wages

10. What are factors of production called?
    A. Outputs
    B. Productive activities
    C. Resources
    D. Technological progress

11. Which of the following is considered capital in economics?
    A. A delivery van used by UPS
    B. 1000 shares of Microsoft
    C. $600 in currency
    D. The savings of a business

12. The four things needed to provide goods and services: natural resources, labor, capital, and entrepreneurs are called….
    A. factors of production.
    B. natural resources.
    C. opportunity cost.
    A. economics.

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13. In April 2020, a barrel of oil in the USA traded at an all-time low at negative $37.63 as people quarantined because of the coronavirus. Which factor of production was affected by this pandemic?
    A. Capital
    B. Enterprise
    C. Labour
    D. Land

14. Human-made things that are used to produce goods and services are called….
    A. factors of production.
    B. natural resources.
    C. economics.
    D. capital.

15. An increase in the number of manufacturing robots in the car manufacturing industry represents an increase in the quantity of what factor of production?
    A. Capital
    B. Entrepreneur
    C. Labour
    D. Land

16. What is the lakeside view that draws people to the restaurant called?
    B. Labour
    C. Natural resources
    D. Capital
    E. Entrepreneur

17. What is the function of the factors of production in an economy?
    A. To make goods and services to fulfill wants and needs
    B. To provide an even distribution of income and wealth
    C. To provide income tax for the government
    D. To reduce the existence of external

18. What are the things provided by nature, such as wood, oil and limestone?
    A. Factors of production
    B. Natural resources
    C. Opportunity cost
    D. Capital

19. Which factor of production represents pots, stove and a refrigerator?
    A. Labour
    B. Natural resources
    C. Capital
    D. Entrepreneur

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20. Which group linked to a firm always bears the risk of the decision to produce?
    A. Creditors
    B. Managers
    C. Owners
    D. Workers

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