Tackle the Test: Multiple-Choice Questions

1. Which of the following is an example of a resource?
   I. petroleum
   II. a factory
   III. a cheeseburger dinner
   a. I only
   b. II only
   c. III only
   d. I and II only
   e. I, II, and III

2. Which of the following situations represent(s) resource scarcity?
   I. Rapidly growing economies experience increasing levels of water pollution.
   II. There is a finite amount of petroleum in the physical environment.
   III. Cassette tapes are no longer being produced.
   a. I only
   b. II only
   c. III only
   d. I and II only
   e. I, II, and III

3. Suppose that you prefer reading a book you already own to watching TV and that you prefer watching TV to listening to music. If these are your only three choices, what is the opportunity cost of reading?

Tackle the Test: Free-Response Questions

1. Define resources, and list the four categories of resources. What characteristic of resources results in the need to make choices?

Answer (6 points)

1 point: Resources are anything that can be used to produce something else.

2 points: The four categories of the economy's resources are land, labor, capital, and entrepreneurship.

1 point: The characteristic that results in the need to make choices is scarcity.

2. In what type of economic analysis do questions have a "right" or "wrong" answer? In what type of economic analysis do questions not necessarily have a "right" answer? On what type of economic analysis do economists tend to disagree most frequently? Why might economists disagree? Explain.