

Topic 1.1: Scarcity

LO: MOD-1.A | Skill: 1.A | Portfolio: Advisor Memo 1

AP-Style Multiple-Choice Practice

5 set-based multiple-choice questions • Skill 1.A • Homework

Stimulus

Northwind Province has a fixed amount of farmland, a limited number of trained workers, and a small fleet of fishing boats. Its regional council is deciding how to use these resources over the coming year. Every proposal the council reviews would use more of at least one resource than the province has.

1. Which statement best describes the scarcity Northwind faces?

- (A) Residents' wants exceed the resources available to satisfy them.
- (B) The province has permanently run out of all its farmland and fishing boats.
- (C) The province holds more resources than its residents could ever want.
- (D) Council members simply disagree about which proposal sounds best.

2. The council classifies its fishing boats as which economic resource?

- (A) Land, because the boats operate out on the open sea.
- (B) Labor, because trained crews are needed to operate all the boats.
- (C) Entrepreneurship, because an investor originally funded the boats.
- (D) Capital, because they are tools made to produce a catch.

3. A council member says salt sold out for a week after a storm. This is best called:

- (A) scarcity, because salt is a natural resource that is limited.
- (B) a shortage, because it was temporary and tied to the price.
- (C) scarcity, because the stores were completely emptied out.
- (D) entrepreneurship, because a new seller could enter the market.

4. Funding the cannery uses workers who could instead staff the new clinic. This illustrates:

- (A) a free good, because each of those workers is already employed.
- (B) the end of scarcity once the new cannery is built.

- (C) opportunity cost — the clinic staffing that is given up.
- (D) a shortage of trained workers caused by a low wage.

5. Adding up every proposal, the council finds requests exceed its resources. The council must therefore:

- (A) declare that the province no longer faces any economic scarcity at all.
- (B) approve all of the proposals, since each one creates some value.
- (C) wait a full year, which avoids making any choice at all.
- (D) make choices about which proposals to fund and which to cut.