

Topic 1.1: Scarcity

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

MCQ Practice Set — Answer Key

Per-item Skill and LO tags included for targeted feedback.

1. Answer: A (Skill 1.A · LO MOD-1.A)

Scarcity is the gap between unlimited wants and limited resources (EK MOD-1.A.1). B describes running out, not scarcity; C is the opposite of scarcity; D is a disagreement, not an economic shortage of resources.

2. Answer: D (Skill 1.A · LO MOD-1.A)

Boats are capital — manufactured aids to production. The sea is land and the crews are labor, but the boats themselves are produced tools, so D is correct. Funding alone does not make them entrepreneurship.

3. Answer: B (Skill 1.A · LO MOD-1.A)

A shortage is a temporary gap where quantity demanded exceeds quantity supplied at the current price. Scarcity (A, C) is the permanent background condition, not a one-week event; D misuses a factor of production.

4. Answer: C (Skill 1.A · LO MOD-1.A)

Opportunity cost is the value of the next-best alternative given up — here, the clinic staffing. A misdefines a free good; B is false (scarcity persists); D invents a price story not in the stimulus.

5. Answer: D (Skill 1.A · LO MOD-1.A)

Because wants exceed resources, choices are forced (EK MOD-1.A.1). A is false; B is impossible given the resource limit; C is itself a choice with an opportunity cost, so it does not avoid choosing.