

Topic 1.1: Scarcity

LO: MKT-1.A | Skill: 1.A | Portfolio: Analysis Memo 1

AP-Style Multiple-Choice Practice

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

Stimulus

Verdant Bottleworks is a small craft-soda maker with one bottling line, a limited crew of trained workers, and a steady but fixed supply of fresh fruit from local growers. It also owns a flavor formula its founder developed. Demand for its sodas is far larger than the firm can fill, so its managers must decide each week how to use the bottling line and the crew.

1. Which statement best describes the scarcity Verdant faces?

- (A) Its wants and orders exceed the resources it has to fill them.
- (B) The firm has permanently run out of both fruit and bottles for good.
- (C) The firm holds far more resources than its customers could ever want.
- (D) Its managers merely disagree about which soda flavor tastes the best.

2. Verdant's managers classify the bottling line as which economic resource?

- (A) Land, because the line runs on fruit grown out of the soil.
- (B) Capital, because it is a manufactured tool used to produce.
- (C) Labor, because trained workers are needed to run the line.
- (D) Entrepreneurship, because the founder paid to install the line.

3. Verdant's flavor formula can guide every batch at once without being used up. The formula is best described as:

- (A) a scarce resource, because only Verdant is allowed to use it.
- (B) labor, because someone first had to think the formula up.
- (C) a non-rival resource, because using it does not use it up.
- (D) a shortage, because rivals cannot get the formula at any price.

4. Running the line for cola this week uses the crew who could instead bottle the lemon-lime. This best illustrates:

- (A) a free good, because the crew is already on the payroll.

- (B) a shortage of crew members caused by a wage set too low.
- (C) the very end of scarcity once the cola run is complete here.
- (D) opportunity cost — the lemon-lime bottling given up.

5. Adding up every order, Verdant finds demand far exceeds what its line and crew can fill. The firm must therefore:

- (A) declare that it no longer faces any economic scarcity at all.
- (B) make choices about which orders to fill and which to turn down.
- (C) accept every order, since each one would bring in some revenue.
- (D) pause for a month, which lets it avoid making any choice at all.