

Economic Concepts and Factors of Production

Economics · Answer Key · 10 Questions

1. What is the economic term for payments made for the factors of production?

- A) Profit
- B) Income**
- C) Revenue
- D) Cost

2. Identify the market where savings and loans occur.

- A) Product Market
- B) Labor Market
- C) Financial Market**
- D) Capital Market

3. What economic concept describes the flow of spending on goods and services?

- A) Aggregate Supply
- B) Aggregate Demand
- C) National Income
- D) Circular Flow**

4. What is the flow of payment in the form of wages, salaries, rent, interest, and profits called?

- A) Expenditure
- B) Income**
- C) Consumption
- D) Investment

5. What term describes goods and services that people intend to use and not to resell?

- A) Capital Goods
- B) Intermediate Goods
- C) Consumer Goods**
- D) Durable Goods

6. What is the term for an increase in the production of goods and services in a country?

- A) Recession
- B) Inflation
- C) Economic Growth**
- D) Stagnation

7. What is used to measure the level of economic activity in a country?

- A) Unemployment Rate
- B) Inflation Rate

C) Gross Domestic Product (GDP)

- D) Balance of Trade

8. What is the term for an increase in economic activities, taking inflation into consideration?

- A) Economic Contraction

B) Real Economic Growth

- C) Nominal Economic Growth
- D) Deflation

9. List any TWO factors of production.

A) Land, Labor

- B) Demand, Supply
- C) Profit, Loss
- D) Income, Expenditure

10. List TWO examples of government expenditure.

A) Healthcare, Education

- B) Wages, Rent
- C) Interest, Profits
- D) Savings, Loans