Liberty High School

Economics

Mr. Lopez

Factors of Production

Study Guide

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Period:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. When baking a cake, cookies, and/or cupcakes what three ingredients are required?
2. What are the factors of production?
3. What is land? Examples?
4. What is labor? Examples?
5. What is capital?
6. What are the two types of capital and what are examples of each?
7. What is the factor market?
8. What are factor payments?
9. What is the product market?
10. What is the significance of these three factors of production?
11. What are some examples of how the “recipe” varies?
12. Where do business acquire the factors of production?
13. Diagram the factor market:

H b

1. What incentive do households have for providing these resources?
2. Using Mr. Lopez as an example explain his participation in the factor market?
3. What incentives does Mr. Lopez and the other LHS teachers have for participating?
4. What is entrepreneurship?
5. Who are entrepreneurs?
6. What do some economist believe about entrepreneurship?
7. Why does Mr. Lopez disagree with these economists?
8. What examples does Mr. Lopez cite to support his opinion?
9. How do businesses use the factors of production?
10. What do businesses do with the products created using these resources?
11. Diagram the product market:

H B

1. How is Liberty High School an example of the product market?
2. What are intermediaries?
3. Why are intermediaries important in the factor and product markets?
4. What are some examples of intermediaries?
5. What is specialization?
6. What are examples of specialization?
   1. Households
   2. Businesses
   3. Markets
   4. Geographic areas