IGCSE ECONOMICS • EXERCISE SHEET

1.2 Factors of production

Name: ____________ Class: ________ Date: __________ **Total: 17 marks**

KEY WORDS labour 劳动 • capital 资本 • land 土地 • factors of production 生产要素 • enterprise 企业家才能

Objective

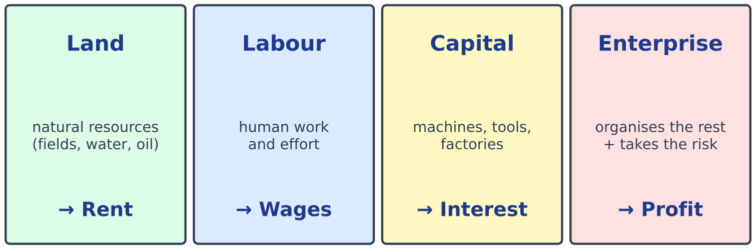
Build the skills to answer exam questions on **factors of production** 生产要素 — **land, labour, capital and enterprise** 土地、劳动、资本、企业家才能, their **rewards** 报酬, and their **mobility, quantity and quality** 流动性、数量、质量.

You must be able to:

- name the four factors and the reward each earns
- explain the mobility of a factor
- explain how the quantity and quality of factors can change

1 Worked examples

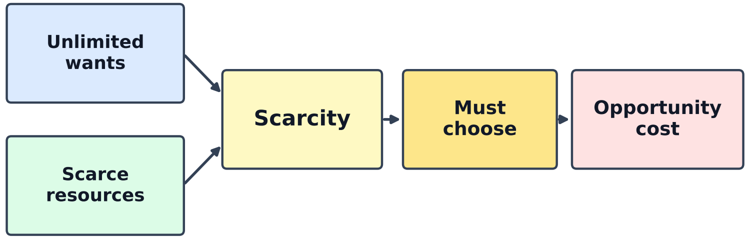
The four factors



Exam: name factor + reward together (land→rent, labour→wages, capital→interest, enterprise→profit)

Each factor earns income for being used

Factor	Reward
land 土地	rent 地租
labour 劳动	wages 工资
capital 资本	interest 利息
enterprise 企业家才能	profit 利润



Exam: scarcity forces choice — opportunity cost is the next-best alternative forgone

The factors are themselves scarce — which is the root of the economic problem

- **Mobility** 流动性: how easily a factor moves to a new use (a multi-skilled worker is mobile; a fixed factory is not).
- **Quantity** and **quality** can change — training and technology raise quality, so each factor produces more.

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 State the reward earned by each of the four factors of production. [2]

2.2 Define the term *capital*. [2]

2.3 Define the term *mobility of labour*. [2]

3 Exam-style questions

3.1 The reward to the factor **enterprise** is: [1]

A rent
B wages
C interest
D profit

3.2 Explain two ways the quality of the factor labour could be improved. [4]

3.3 Analyse why some workers are more occupationally mobile than others. [6]