

4 What is the function of the price mechanism in a market economy?

- A** allocating resources and guiding choices
- B** allowing governments to provide price stability
- C** enabling markets to operate fairly
- D** preventing competitors from entering a market

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8 What is a characteristic of a market economic system?

- A** consumers decide whether production is labour-intensive or capital-intensive
- B** factors of production are government-owned
- C** high levels of government intervention
- D** land and capital are privately owned

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2 What is opportunity cost?

- A** the allocation of resources in an economy
- B** the cost to the individual when they consume a good
- C** the lack of goods and services available to satisfy unlimited wants
- D** the next best alternative forgone when making an economic decision