Elementary Economics Fundamentals

Basic Economics · Answer Key · 18 Questions

1. What is the name for the amount of a good or service that producers are willing and able to offer for sale at a given price?

A) Demand
B) Scarcity
C) Supply
D) Inflation

2. When the price of a good goes up, what generally happens to the quantity demanded by consumers, assuming all other factors remain the same?

A) It increases
B) It decreases
C) It stays the same
D) It doubles

3. What does the term 'scarcity' in economics refer to?

A) When there is too much of a good
B) When resources are unlimited
C) When wants exceed the resources available to satisfy them
D) When prices are too low

4. Which of the following is a basic need that people require to survive?

A) A new video game
B) A fancy car
C) Food
D) A larger television

5. What is the term for the next best alternative that must be given up to obtain something else?

A) Profit
B) Opportunity Cost
C) Budget
D) Commodity

6. Which of these is an example of a 'service' that a person can provide?

A) A loaf of bread
B) A bicycle
C) A haircut
D) A toy car

7. What is the main function of a bank in an economy?

A) To print money
B) To lend money and accept deposits
C) To create new goods
D) To set all prices

8. If a country produces more of one good, what must it generally give up to produce more of another, due to limited resources?

A) More money
B) Less money
C) Another good
D) No change

9. What is the term for the money earned from working or selling goods and services?

A) Expense
B) Debt
C) Income
D) Tax

10. Which economic concept explains that consumers will buy more of a product when its price is lower?

A) Law of Supply
B) Law of Demand
C) Law of Scarcity
D) Law of Inflation

11. What is a 'good' in economics?

A) An action that helps someone
B) A physical item that can be bought or sold
C) A plan for spending money
D) A type of investment

12. When producers make more of a good or service, and the price is higher, what generally happens to the quantity supplied?

A) It decreases
B) It stays the same
C) It increases
D) It becomes zero

13. What is the term for the amount of money that is spent on goods and services?

A) Income
B) Profit
C) Revenue
D) Expenditure

14. Which of the following is a 'want' rather than a 'need'?

A) Water
B) Shelter
C) A toy
D) Medicine

15. What is the process of making goods and services available to people?

A) Consumption
B) Production
C) Distribution
D) Regulation

16. When many people want to buy a limited item, what usually happens to its price?

A) It goes down
B) It stays the same
C) It goes up
D) It disappears

17. What is the primary role of a consumer in an economy?

A) To create goods
B) To buy and use goods and services
C) To set prices
D) To borrow money

18. What does a 'budget' help individuals or families to do?

A) Spend all their money
B) Save money
C) Plan how to spend and save their money
D) Borrow more money