

Elementary Economics Fundamentals

Basic Economics · Practice Test · 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