Economic Foundations for Young Minds

Economics · Answer Key · 25 Questions

1. What is the name for the total value of all goods and services produced in a country over a year?

A) National Debt
B) Gross Domestic Product (GDP)
C) Consumer Price Index (CPI)
D) Balance of Trade

2. When a country produces more of a good or service than it can consume, and then sells the extra to other countries, this is known as:

A) Importing
B) Embargo
C) Exporting
D) Quota

3. Which of these is a primary function of a bank?

A) Printing money
B) Setting interest rates for loans
C) Storing money safely and lending it out
D) Controlling the stock market

4. What economic concept describes the desire for goods and services that people want but cannot afford?

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

5. If a baker has a limited amount of flour to make bread, and many people want to buy bread, what economic problem is the baker facing?

A) Inflation
B) Competition
C) Scarcity
D) Deflation

6. What is the name for the price of one country's money in terms of another country's money?

A) Interest Rate
B) Inflation Rate
C) Exchange Rate
D) Unemployment Rate

7. A business that is owned and run by one person is called a:

A) Partnership
B) Corporation
C) Cooperative
D) Sole Proprietorship

8. When the prices of most goods and services in an economy rise over time, this is called:

A) Recession
B) Depression
C) Inflation
D) Deflation

9. What is the name for the money that people or businesses earn from their work or investments?

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

10. Which of the following is an example of a natural resource used in production?

A) A factory
B) A computer program
C) Wood
D) Money

11. When the quantity of a good or service that producers are willing and able to sell at a certain price is considered, this is:

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

12. What is the name for the difference between the value of a country's exports and the value of its imports?

A) Gross National Product
B) Trade Balance
C) National Income
D) Fiscal Policy

13. A tax on imported goods is known as a:

A) Sales Tax
B) Income Tax
C) Tariff
D) Property Tax

14. What is the term for when a company makes more money from selling its products than it spent to make them?

A) Loss
B) Budget
C) Profit
D) Expense

15. Which of these represents 'capital' in economics?

A) Natural resources like land
B) Money earned from sales
C) Tools, machinery, and buildings used to produce goods

16. What is the main role of a central bank, like the Reserve Bank of Australia?

A) To manage a country's postal service
B) To print all paper money and coins for circulation
C) To control the nation's money supply and set interest rates

17. When people choose to buy fewer of one item because the price goes up, but buy more of another similar item, this is related to the concept of:

A) Supply and Demand
B) Opportunity Cost
C) Substitute Goods
D) Complementary Goods

18. What is the term for the value of the next best alternative that is given up when a choice is made?

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

19. A government reducing its spending or increasing taxes to try and slow down an overheating economy is an example of:

A) Monetary Policy
B) Fiscal Policy
C) Trade Policy
D) Labour Policy

20. What is the name for a system where prices are determined by the interactions of buyers and sellers, with minimal government interference?

A) Command Economy
B) Traditional Economy
C) Market Economy
D) Socialist Economy

21. When a business decides to produce more of a product because customers are asking for it, they are responding to:

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

22. What does the term 'unemployment rate' measure?

A) The percentage of people who are working
B) The percentage of people who are looking for work but cannot find it
C) The percentage of people who are retired
D) The percentage of businesses that have closed

23. If a country imports more goods than it exports, it has a:

A) Trade Surplus
B) Trade Deficit
C) Balanced Trade
D) Trade Embargo

24. What is the name for the economic system where the government owns and controls most of the means of production, like factories and land?

A) Capitalism
B) Socialism
C) Market Economy
D) Mixed Economy

25. When a country or region specializes in producing goods and services that it can produce most efficiently and trades with others for goods it needs, this is called:

A) Protectionism
B) Bartering
C) Specialization and Trade
D) Subsidy