

Middle School Economics Fundamentals

Economics · Answer Key · 15 Questions

1. What is the term for the basic economic problem that arises because people have unlimited wants but resources are limited?

- A) Abundance
- B) Scarcity**
- C) Inflation
- D) Surplus

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

- A) A factory building
- B) A skilled worker
- C) Crude oil**
- D) Money

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

- A) The price of the most expensive item
- B) The value of the next-best alternative that must be forgone**
- C) The total cost of production
- D) The amount of money saved

4. In a market economy, who primarily makes decisions about what goods and services to produce and how to distribute them?

- A) The government
- B) Consumers and producers**
- C) A central planning committee
- D) Foreign countries

5. What is the basic unit of currency used in Australia?

- A) The Euro
- B) The Yen
- C) The Pound Sterling
- D) The Australian Dollar**

6. Which economic concept describes the total value of all final goods and services produced in a country within a specific period?

- A) Consumer Price Index
- B) Balance of Trade
- C) Gross Domestic Product (GDP)**
- D) Unemployment Rate

7. What is a 'good' in economic terms?

- A) An intangible service
- B) Something that satisfies a want or need and has a monetary value**
- C) A donation to charity
- D) A concept of fairness

8. When the price of a product increases, what generally happens to the quantity demanded, assuming all other factors remain constant?

- A) It increases
- B) It decreases**
- C) It stays the same
- D) It becomes unpredictable

9. What is 'labour' as a factor of production?

- A) Physical and mental effort used in production**
- B) Machinery and tools
- C) Land and raw materials
- D) Financial capital

10. Which of the following is an example of a 'service'?

- A) A loaf of bread
- B) A haircut**
- C) A mobile phone
- D) A car

11. What is 'inflation'?

- A) A decrease in the general price level of goods and services
- B) An increase in the general price level of goods and services**
- C) A shortage of available goods
- D) A government subsidy for businesses

12. What role do businesses play in a market economy?

- A) They only consume goods and services
- B) They produce goods and services and employ workers**
- C) They set all prices by government decree
- D) They are solely responsible for distributing wealth equally

13. What is 'capital' in the context of the factors of production?

- A) Natural resources like land
- B) The money used to invest in a business and the tools/machinery used for production**
- C) The work done by employees
- D) Consumer demand

14. Which of the following is a form of 'income'?

- A) A loan repayment
- B) A tax refund
- C) Wages or salary earned from work**
- D) The purchase of a new item

15. What does 'supply' refer to in economics?

- A) The amount of a good or service consumers are willing and able to buy at a given price
- B) The amount of a good or service producers are willing and able to sell at a given price**
- C) The overall demand for all products
- D) The total amount of money in circulation