Middle School Economics Fundamentals

Economics · Practice Test · 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