Elementary Economics Essentials

Basic Economics · Answer Key · 8 Questions

1. What essential condition must exist for two people to trade goods successfully in a barter system?

A) Double coincidence of wants
B) Government approval
C) Equal weight of items
D) Standardised coin values

2. In 1988, Australia became the first country in the world to issue circulating banknotes made from which material?

A) Polymer plastic
B) Woven cotton
C) Recycled paper
D) Coated aluminium

3. In economics, what is the term for the value of the next best choice given up when making a decision?

A) Opportunity cost
B) Sunk cost
C) Marginal revenue
D) Inflation rate

4. What is the broad-based 10% tax added to the price of most goods and services sold in Australia?

A) Goods and Services Tax
B) Capital Gains Tax
C) Fringe Benefits Tax
D) Corporate Income Tax

5. Which Australian institution is responsible for setting the nation's official cash rate and issuing banknotes?

A) Reserve Bank of Australia
B) Australian Taxation Office
C) Treasury Department
D) Australian Competition and Consumer Commission

6. What economic term describes a producer or country focusing on producing a specific range of goods to increase efficiency?

A) Specialisation
B) Diversification
C) Monopolisation
D) Nationalisation

7. Under the economic factors of production, which category includes man-made tools, machinery, and factory buildings?

A) Capital resources
B) Labour resources
C) Natural resources
D) Entrepreneurial resources

8. What typically happens to the price of a product when consumer demand rises while its available supply remains limited?

A) The price increases
B) The price decreases
C) The price remains permanently fixed
D) The price drops to zero