

Name: _____

Date: _____

1. The law of supply and demand is very important in economics. Which of the following correctly describes supply and demand?

- A. Consumers will buy whatever is produced.
- B. Producers will make what consumers demand.
- C. Suppliers will make whatever they decide to.
- D. Investors will put money into any business.

2. In economics, there are imports and exports. An import is

- A. merchandise shipped to a foreign country.
- B. a tax on goods shipped to a foreign country.
- C. merchandise shipped from a foreign country.
- D. a tax on goods shipped from a foreign country.

3. People have different roles in our economic system—producer, provider, consumer, and investor. The person who buys stock in a company is

- A. an investor.
- B. a consumer.
- C. a provider.
- D. a producer.

4. In economics there are exports and imports. Which of the following is an example of a United States export?

- A. a television made in China and sold in the United States
- B. a car made in Mexico and sold in Mexico
- C. a radio made in the United States and sold in the United States
- D. a computer made in the United States and sold in Indonesia

5. Land, labor, and capital (machines) are used to produce goods and services. These are known as

- A. natural resources.
 - B. the laws of consumption.
 - C. the law of supply and demand.
 - D. the factors of production.
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6. Both natural resources and human resources are used in economics. Which of the following is an example of a natural resource?

- A. water
 - B. workers in a factory
 - C. investors in a company
 - D. money
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7. The things needed to produce goods and services are called the factors of production. The factors of production include capital (machines), labor, and

- A. government decisions.
 - B. workers' skills.
 - C. land resources.
 - D. buyers' needs.
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8. The westward migration (movement) of settlers during the 1800s greatly affected the lives of Native Americans. Which statement describes one way in which Native Americans were affected?

- A. Native Americans began to hunt buffalo rather than grow crops.
 - B. Native Americans grew wealthy from trade with white settlers.
 - C. Native Americans were forced off their land.
 - D. Native Americans moved away from reservations.
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9. The factors of production is a term used for all the elements that go together to produce goods and services. Which factor of production is the term used to describe natural resources?

- A. land
 - B. labor
 - C. capital
 - D. consumption
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10. Which of the following situations will MOST LIKELY make the price of an item go down?

- A. The price of the natural resources needed to make the item increases.
- B. The supply of the item is greater than the demand for it.
- C. The price of the labor needed to make the item increases.
- D. The demand for the item is greater than the supply of the item.

Answer Key

1. B) Producers will make what consumers demand.
2. C) merchandise shipped from a foreign country.
3. A) an investor.
4. D) a computer made in the United States and sold in Indonesia
5. D) the factors of production.
6. A) water
7. C) land resources.
8. C) Native Americans were forced off their land.
9. A) land
10. B) The supply of the item is greater than the demand for it.