

## Herschel's Test of Economics

(Covering Concepts in the *Herschel's World of Economics* Curriculum)

Directions: Choose the best answers to the questions below.

1. Which of the following is **not** an economic want?

- a. trash
- b. doggie treats
- c. a video game
- d. a mechanic fixing a car

2. Which is an example of an economic good?

- a. a haircut
- b. a bicycle
- c. walking the dog
- d. a good grade at school

3. What is an example of a service?

- a. a rock
- b. a new shirt
- c. a gift you receive
- d. someone mowing your lawn

4. What do most people use to get goods and services?

- a. income
- b. consumption
- c. opportunity costs
- d. economic wants

5. A person who makes something is:

- a. a producer.
- b. a consumer.
- c. a capital resource.
- d. a natural resource.

6. How do most people get goods or services?

- a. by asking
- b. by working
- c. by going to school
- d. by playing with friends

7. Productive resources help us to:
- find goods and services.
  - consume goods and services.
  - produce goods and services.
  - specialize in goods and services.
8. Which of the following is an example of a capital resource?
- gold
  - water
  - a hammer
  - a worker
9. What is an example of a natural resource?
- land
  - a hammer
  - a worker
  - a tractor
10. Mr. Jones works in a factory. He is an example of a:
- capital resource.
  - natural resource.
  - human resource.
  - trading resource.
11. In economics, something is scarce when:
- no one wants it.
  - you can get it at a low cost.
  - everyone has what he or she wants.
  - there is not enough for everyone to have all that they want.
12. Herschel traded a doggie treat to Spot for a bone. What is true about the trade?
- Herschel gained but Spot lost.
  - Spot gained but Herschel lost.
  - Both Herschel and Spot lost.
  - Both Herschel and Spot gained.
13. Money is very helpful and important in our economy because it:
- is difficult to earn.
  - helps people to trade.
  - can be traded for gold.
  - is expensive to produce.
14. Which of the following is not an important characteristic of money?
- scarce
  - durable
  - portable
  - expensive

15. Which of the following is not true?

- a. Money should be scarce.
- b. Money helps people to trade.
- c. Money should be colorful.
- d. Money should be portable.

16. Herschel wants to put a lot of things in his doghouse – a couch, a TV, a bookcase, and a chair. But he doesn't have enough space for all of these things! Herschel is facing a problem of:

- a. saving.
- b. scarcity.
- c. production.
- d. specialization.

17. At the store, Herschel wants to buy a magazine and some candy. But he doesn't have enough money to buy both! If he decides to buy the magazine, what is his opportunity cost?

- a. the candy
- b. the magazine
- c. the candy and the magazine
- d. the price of the magazine

18. Suppose Herschel wants to produce doggie treats and cookies. He doesn't have enough time or productive resources to produce both. He decides to produce doggie treats. The opportunity cost of producing doggie treats is:

- a. the price of the cookies.
- b. the cookies that he now cannot produce.
- c. the price of the molasses he uses to produce doggie treats.
- d. the cost of paying his friends to produce doggie treats.

19. What do we call it when people trade without using money?

- a. barter
- b. production
- c. specialization
- d. interdependence

20. When Herschel learned how to produce doggie treats, he was increasing his:

- a. opportunity costs.
- b. human capital.
- c. money exchange.
- d. production costs