
ECONOMICS

Overview

This event provides recognition for FBLA members who can identify, understand, and apply economic principles to contemporary social, political, and ecological problems.

This is an individual online test.

Competencies and Task Lists

<http://www.fbla-pbl.org/docs/ct/FBLA/ECONOMICS.pdf>

Website Resources

- Business and Economics - The University of Chicago Library
<http://guides.lib.uchicago.edu/busecon>
- Economics Website
<http://www.mcwn.org/ECONOMICS/EconMain.html>
- Economic Sample Quizzes
<http://www.sscnet.ucla.edu/ssc/labs/cameron/e1f98/e1qz .htm>
- Monetary and Fiscal Policy
http://www.socialstudieshelp.com/Eco_Mon_and_Fiscal.htm
- tutor2u - Economics Quizzes
<http://www.tutor2u.net/quiz/economics/default.asp>

ECONOMICS SAMPLE QUESTIONS

1. The function of monetary policy is to:
 - a. regulate the money supply
 - b. ensure uniform currency
 - c. determine denominations of money
 - d. encourage inflation

Competency: Basic Economic Concepts and Principles

2. _____ is a cost that you have already incurred and **cannot** recover.
 - a. Negative cost
 - b. Lost cost
 - c. Sunk cost
 - d. Positive cost

Competency: Basic Economic Concepts and Principles

3. A _____ economy produces the highest standard of living for its citizens.
 - a. market oriented
 - b. command
 - c. transitional
 - d. traditional

Competency: Basic Economic Concepts and Principles

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4. An increase in the quantity and quality of capital per worker is called:
- a. capital deepening
 - b. capital narrowing
 - c. capital interest
 - d. inflated capital

Competency: Productivity

5. The demand for a resource is tied to the:
- a. economic conditions
 - b. value of the output produced by that resource
 - c. latest social trends
 - d. available supply

Competency: Productivity

6. The demand for roofers would ____ if the price of shingles dropped by 50 percent.
- a. fluctuate downward
 - b. rise
 - c. not be affected
 - d. fall

Competency: Productivity

7. ____ is a form of economics that focuses on the performance of the economy as a whole, especially the national economy.
- a. Consumer economics
 - b. Microeconomics
 - c. Macroeconomics
 - d. Federal economics

Competency: Macroeconomics

8. Money growth and inflation generally have:
- a. an inverse relationship
 - b. a direct relationship
 - c. no relationship
 - d. a negative relationship

Competency: Macroeconomics

9. ____ measures the market value of all final goods and services produced in the United States during a given time period, usually a year.
- a. Gross Domestic Product
 - b. Consumer Price Index
 - c. Productivity
 - d. Net production

Competency: Macroeconomics

10. Supply indicates how much of a good producers:

- a. have yet to sell
- b. produce
- c. are willing and able to offer
- d. have sold

Competency: Supply & Demand

11. Which statement is the most **accurate**?

- a. The elasticity of supply is typically greater with a greater quantity of products on hand.
- b. The elasticity of supply is typically diminished the longer the period of adjustment.
- c. The elasticity of supply is typically greater the longer the period of adjustment.
- d. The elasticity of supply typically is not affected by time at all.

Competency: Supply & Demand

12. If the government imposes a price ceiling on milk that is substantially below the market price we would expect:

- a. surpluses to become a problem
- b. a fall in milk consumers' incomes
- c. shortages to occur
- d. milk prices to move rapidly towards equilibrium

Competency: Supply & Demand

13. The principle of comparative advantage suggests that nations should produce goods:

- a. where they have the highest opportunity cost
- b. that require the most capital investments
- c. that require the least capital investments
- d. where they have the lowest opportunity cost

Competency: International Trade/Global Economics

14. What does an import quota in the United States tend to do?

- a. keep the quality of imports high
- b. raise the U.S. price above the world price
- c. lower the U.S. price below the world price
- d. benefit consumers

Competency: International Trade/Global Economics

15. Why has the dollar been used for many years as an international medium of exchange?

- a. it has held a relatively steady value over many years
- b. it cannot be counterfeited
- c. there is an unlimited supply of dollars in the world
- d. it can be traded for gold at the U.S. Treasury

Competency: International Trade/Global Economics

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16. ____ is an important indicator about the relative scarcity of a product or service.
- a. Market price
 - b. Cost of production
 - c. The "invisible hand"
 - d. Product popularity

Competency: Market Structures and Competition

17. Competition among firms will generally lead to:
- a. lower prices and excess profits for firms
 - b. higher prices and normal profits for firms
 - c. higher prices and excess profits for firms
 - d. lower prices and normal profits for firms

Competency: Market Structures and Competition

18. Which one of the following would create a barrier to entry?
- a. firms selling identical products
 - b. a large number of sellers
 - c. licensing requirements
 - d. product differentiation

Competency: Market Structures and Competition

19. Banks reduce risks to savers by:
- a. diversifying their funds
 - b. charging low interest rates
 - c. charging high interest rates
 - d. building strong vaults

Competency: Investments and Interest Rates

20. Which one of the following would typically be associated with higher interest rates?
- a. a high level of risk
 - b. a high credit score
 - c. low administrative costs
 - d. a large amount of collateral

Competency: Investments and Interest Rates

21. If an economy reduces consumption to invest in goods used to produce other goods, this is called:
- a. capital formation
 - b. the multiplier effect
 - c. purchasing power parity
 - d. the consumption function

Competency: Investments and Interest Rates

22. Which one of the following is the best example of a public good?

- a. an anti-missile system
- b. a field of strawberries
- c. a carwash
- d. a book

Competency: Role of Government

23. Property taxes are used most frequently at the:

- a. international level
- b. state level
- c. national level
- d. local level

Competency: Role of Government

24. If the government placed a \$10 price floor on a gallon of gasoline, then we would expect:

- a. the demand for gasoline would increase
- b. shortages in the gasoline market
- c. a surplus of gasoline to develop
- d. the quantity supplied of gasoline would fall

Competency: Role of Government

25. Which one of the following would be most appropriate during a recession?

- a. reduce taxes
- b. reduce government spending
- c. run a budget surplus
- d. increase tariffs and quotas on imports

Competency: Monetary and Fiscal Policy

26. A deficit is essentially a way to:

- a. bill future taxpayers for today's spending
- b. balance the budget over the business cycle
- c. make sure all spending projects are paid for by those who benefit from them
- d. run government more effectively

Competency: Monetary and Fiscal Policy

27. If GDP has fallen each quarter for the past year, an appropriate fiscal policy might be to:

- a. reduce the money supply
- b. increase government spending
- c. reduce government spending
- d. increase the money supply

Competency: Monetary and Fiscal Policy

28. Of the 25 million businesses in the United States, most:

- a. are corporations
- b. consist of one self-employed person
- c. are partnerships
- d. employ more than twenty-five people

Competency: Types of Business/Economic Institutions

29. A not-for-profit corporation:

- a. does not pay federal income taxes
- b. is not allowed to take cash contributions
- c. is not allowed to pay its employees
- d. does not have to register in the state where it is incorporated

Competency: Types of Business/Economic Institutions

30. In the circular flow model, goods flow from firms to households in the:

- a. input market
- b. resource market
- c. product market
- d. financial market

Competency: Business Cycles/Circular Flow

Database Design & Applications Answer Key

1) C	11) B	21) A
2) C	12) C	22) C
3) B	13) D	23) C
4) D	14) C	24) A
5) D	15) D	25) C
6) A	16) D	26) B
7) B	17) A	27) C
8) C	18) A	28) D
9) B	19) B	29) D
10) A	20) C	30) A

Desktop Publishing Answer Key

1) B	11) D	21) A
2) C	12) B	22) C
3) B	13) A	23) B
4) B	14) D	24) B
5) D	15) D	25) C
6) A	16) C	26) A
7) A	17) D	27) B
8) A	18) C	28) A
9) A	19) D	29) D
10) B	20) B	30) D

Economics Answer Key

1) A	11) C	21) A
2) C	12) C	22) A
3) A	13) D	23) D
4) A	14) B	24) C
5) B	15) A	25) A
6) B	16) A	26) A
7) C	17) D	27) B
8) B	18) C	28) B
9) A	19) A	29) A
10) C	20) A	30) C

Entrepreneurship Answer Key

1) D	11) D	21) D
2) C	12) D	22) A
3) A	13) C	23) D
4) A	14) D	24) A
5) D	15) B	25) C
6) A	16) B	26) D
7) D	17) D	27) A
8) A	18) B	28) C
9) B	19) D	29) B
10) D	20) A	30) A