

Overview

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

Competencies

The topics listed below are prioritized, listing first the most important content areas of the tests.

- Economic principles related to the policies and goals of the United States economy
- Comparison of the American economic system to other systems
- Supply and demand
- Fixed price
- Elasticity
- Profits
- Competition
- Business cycles
- Role of government
- Public choice
- International trade
- Market structures (monopoly, pure competition, oligopoly, monopolistic competition)
- Monetary and fiscal policy
- Types of businesses
- Investments
- Interest rates
- Labor relations
- Environmental issues

Procedures/Tips

- Review the Competitive Events Tips in the front of the book.

Web Site Resources

- <http://www.investopedia.com/university/economics/economics3.asp>
- http://www.socialstudieshelp.com/Eco_Mon_and_Fiscal.htm
- <http://www.mcwn.org/ECONOMICS/EconMain.html>
- <http://www.census.gov/>
- <http://www.quickmba.com/econ/>

Economic Sample Questions

1. When demand decreases
 - a. shortages increase.
 - b. supply increases.
 - c. equilibrium quantity decreases.
 - d. equilibrium quantity increases.
2. Which of the following would all decrease supply?
 - a. higher business subsidies, higher resource costs, fewer suppliers
 - b. lower business taxes, higher resource costs, fewer suppliers
 - c. higher business subsidies, lower resource costs, more suppliers
 - d. higher business taxes, higher resource costs, fewer suppliers
3. The minimum wage is an example of
 - a. a price floor.
 - b. a price ceiling.
 - c. a surplus of jobs.
 - d. a shortage of workers.
4. A quota is
 - a. a tax on exports.
 - b. a limit on price imports can charge.
 - c. a limit on quantity of imports crossing the border.
 - d. a tax on imports.
5. The depreciation of the dollar versus the yen means U.S. exports are
 - a. cost the same.
 - b. cannot be determined.
 - c. more expensive.
 - d. cheaper.
6. The appreciation of the yen versus the dollar means a vacation for Japanese tourists coming to the United States is
 - a. costs the same.
 - b. cannot be determined.
 - c. more expensive.
 - d. cheaper.
7. As supply decreases and demand decreases, what effect does this have on equilibrium price and quantity?
 - a. price indeterminate, quantity increases
 - b. price indeterminate, quantity decreases
 - c. price increases, quantity decreases
 - d. price decreases, quantity decreases
8. Suppose \$200 cash is deposited in a bank and the reserve requirement ratio is 10%. What is considered required reserves?
 - a. \$2,000
 - b. \$ 20
 - c. \$1,800
 - d. \$ 180
9. Government borrowing that leads to less private borrowing and investing is called
 - a. net exports effect.
 - b. time lags.
 - c. balloon debts.
 - d. crowding out effect.

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10. An economic profit is equal to
 - a. accounting profit-implicit costs.
 - b. total revenue-explicit costs.
 - c. accounting profit + implicit costs.
 - d. total revenue-implicit costs.
 11. Suppose John has implicit costs of \$10,000, explicit cost of \$20,000, and revenues of \$100,000. What is his economic profit?
 - a. \$ 70,000
 - b. \$ 80,000
 - c. \$ 90,000
 - d. \$100,000
 12. If maintenance costs rise for industry, what effect will this have on expected return?
 - a. expected return stays the same
 - b. expected return fluctuates
 - c. expected return decreases
 - d. expected return increases
 13. Comparative advantage argues that if two countries specialize and engage in free trade
 - a. who gains or loses cannot be determined.
 - b. one gains, one loses.
 - c. they will both lose.
 - d. they will both gain.
 14. A pollution market for externality rights would
 - a. buy and sell externality benefits.
 - b. buy and sell political power.
 - c. buy and sell pollution.
 - d. buy and sell rights to pollute.
 15. The optimal amount of pollution is
 - a. the amount that maximizes resource use.
 - b. the amount that production.
 - c. the amount where the marginal benefits equal the marginal costs of pollution.
 - d. zero.
 16. Pollution is an example of:
 - a. spillover benefit
 - b. externality cost
 - c. externality benefit
 - d. taxes
 17. Industrial unions like the United Auto Workers are examples of
 - a. competitive firms.
 - b. government organizations.
 - c. exclusive unions.
 - d. inclusive unions.
 18. Most union members work in
 - a. manufacturing.
 - b. retail industries.
 - c. government.
 - d. service industries.

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19. Which best describes the monopoly market structure?
 - a. one firm, unique product, barrier to entry
 - b. many firms, price taker, easy entry
 - c. one firm, price maker, standardized or homogeneous product
 - d. one firm, easy entry, price maker
 20. Which of the following does **not** describe perfect competition?
 - a. It is easy to enter the market.
 - b. Is a price maker.
 - c. It is an efficient market.
 - d. Produces a standardized product identical to its competitors.
 21. Assuming economies of scale is a barrier to competition, a monopoly would likely
 - a. produce at higher per unit cost.
 - b. produce at lower per unit cost.
 - c. produce less quantity.
 - d. produce at the same per unit cost.
 22. The biggest portion of federal tax revenue comes from
 - a. payroll taxes.
 - b. excise tax.
 - c. corporate income tax.
 - d. personal income tax.
 23. In comparing the federal expenditures on discretionary spending with nondiscretionary spending, nondiscretionary spending is
 - a. about the same size.
 - b. larger.
 - c. smaller.
 - d. shrinking.
 24. Most local government tax revenues come from
 - a. sales taxes.
 - b. property taxes.
 - c. income taxes.
 - d. excise taxes.
 25. If the price increases on a product with a perfectly inelastic demand, what will happen to quantity demanded?
 - a. stays the same
 - b. increases
 - c. decreases
 - d. unknown without more information
 26. The price for peanut butter rises. Assuming the supply for jam is constant, what will happen to the price of jam?
 - a. It will stay the same.
 - b. It will decrease.
 - c. It will increase.
 - d. It cannot be determined.
 27. What type of firm has the largest assets in dollar value?
 - a. sole proprietorships
 - b. corporations
 - c. partnerships
 - d. limited liability companies

28. What type of firm has limited liability?

- a. privately owned kiosks
- b. corporations
- c. sole proprietorships
- d. partnerships

29. A share in the ownership of a corporation is called a

- a. REIT.
- b. stock.
- c. mutual fund.
- d. bond.

30. Rising real interest rates will likely

- a. increase consumption.
- b. decrease saving.
- c. decrease gross investment.
- d. decrease capital costs

Cyber Security Answer Key

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

Database Design & Application Answer Key

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

Desktop Publishing Answer Key

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

Economics Answer Key

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

Entrepreneurship Answer Key

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