
UNITED STATES ACADEMIC DECATHLON®

ECONOMICS PRACTICE TEST

2017-2018

INSTRUCTIONS: On your answer sheet, mark the lettered space (a, b, c, d, or e) corresponding to the answer that BEST completes or answers each of the following test items.

1. In an economy, the nominal GDP is \$10,000 and the supply of money is \$1,000. In this case, what is the velocity of money?
 - a. 10,000
 - b. 1,000
 - c. 9,000
 - d. 10
 - e. 1

2. There are salmon and minnows in a lake. Fisherman Stacey is able to catch 7 salmon in an hour or 6 minnows in an hour. Fisherman Joan, however, can only catch 5 salmon an hour or 3 minnows an hour. In this case, Fisherman Stacey is said to have
 - a. an adequate aberration
 - b. an absolute advantage
 - c. a production possibility
 - d. an unequal advantage
 - e. a better work ethic

3. Shifts in the demand curve are caused by all of the following EXCEPT
 - a. technology
 - b. consumer income
 - c. prices of related goods
 - d. consumer expectations
 - e. consumer tastes

4. The country of Wifivia has \$30 million in currency, \$75 million in nonbank travelers checks, and \$30 million in checking deposits. Wifivia also has \$50 million in credit card credit, \$25 million in citizen savings accounts, and \$80 million in retail money funds. What is Wifivia's total money stock?
 - a. \$5.145 billion
 - b. \$290 million
 - c. \$210 million
 - d. \$240 million
 - e. \$160 million

5. One of the earliest known theorists who discussed the principles of economics was
- Marcus Aurelius
 - Adam Smith
 - Aristotle
 - Jean Jacques Rousseau
 - Vegetius
6. In the market model, when the price of a commodity is below the equilibrium price, there will be _____ of/for that commodity.
- market collapse
 - excess demand
 - market balance
 - excess supply
 - equilibrium
7. If the price of a can of soda falls 25% and the daily demand for soda increases by 15%, then the price elasticity of soda cans is
- 0.5
 - 0.25
 - 0.6
 - 0.45
 - 1
8. Elise will pay \$40 for a necklace. Casey will pay \$55, Kwajo will pay \$80, Vanka will pay \$90, and Justin will pay \$70. If the hat costs \$40, which potential buyer is the marginal buyer?
- Elise
 - Casey
 - Kwajo
 - Vanka
 - Justin
9. According to economic estimates, approximately how many Africans are there for each government administrator?
- 32,000
 - 28,000
 - 16,000
 - 38,000
 - 19,000
10. Which of the following was the first African colony to become independent in 1957?
- Ghana
 - South Africa
 - Zaire
 - Zimbabwe
 - Tonga

11. The U.S. Bureau of Labor Statistics calculates this monthly, by measuring the cost of purchasing a market basket of goods and services intended to be representative of the consumption of a typical consumer.
- a. Customer Purchasing Index
 - b. Client Price Increment
 - c. Customer Price Index
 - d. Consumer Penalty Increment
 - e. Consumer Price Index
12. Shifts in the supply curve can be caused by all of the following factors EXCEPT
- a. number of sellers in the market
 - b. changes in technology
 - c. number of buyers in the market
 - d. supplier expectations
 - e. the input prices
13. The line on a graph that estimates a demand schedule is called the
- a. demand line
 - b. demand trend
 - c. demand curve
 - d. demand estimate
 - e. demand variable
14. The price and quantity sold of any chosen commodity in a market economy is determined by
- a. all buyers in the market
 - b. all sellers in the market
 - c. a special subset of buyers in the market
 - d. all buyers and sellers in the market
 - e. a specially subset of sellers in the market
15. All of the paper bills and coins in the hands of the public is called
- a. spoils
 - b. currency
 - c. specie
 - d. cash
 - e. barbers
16. If depositors begin to fear that they may not be able to withdraw their deposits, they will hurry to the bank to get their deposits ahead of other depositors. This is called a(n)
- a. inflation rush
 - b. quick run
 - c. reserve encounter
 - d. bank run
 - e. money sprint

17. This is the term that indicates using political influence to increase one's economic profits at the expense of others.
- a. recession
 - b. pork barrel politics
 - c. gerrymandering
 - d. rent seeking
 - e. tragedy of the commons
18. If buyers want to purchase 8,000 gallons of gasoline at \$2.00 per gallon but suppliers want to sell 9,000 gallons at \$2.00 per gallon, this state is referred to as
- a. equal demand
 - b. excess supply
 - c. unfulfilled demand
 - d. excess demand
 - e. equilibrium state
19. According to Okun's Law, if cyclical unemployment increased from 1% to 2%, then the output gap would rise from 2% to ____%.
- a. 3
 - b. 4
 - c. 5
 - d. 6
 - e. 7
20. If a country has a population of 100 million and that country's GDP is \$7 billion per year, what is that country's GDP per capita?
- a. \$70,000
 - b. \$7,000
 - c. \$700
 - d. \$70
 - e. \$7
21. This medieval African kingdom experienced significant economic prosperity due in large part to the gold trade.
- a. the Kingdom of Egypt
 - b. the Kingdom of the Sahara
 - c. the Kingdom of Mali
 - d. the Kingdom of Senusi
 - e. the Kingdom of the Kongo
22. According to modern historical estimates, what was the volume of the African slave trade?
- a. 4 million people
 - b. 6 million people
 - c. 8 million people
 - d. 10 million people
 - e. 12 million people

23. This was developed with the intention of capturing the ability of people in a given country “to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living.”
- a. Human Expenditure Index
 - b. Consumer Price Index
 - c. Personal Capacity Index
 - d. Individual Expenditure Index
 - e. Human Development Index
24. An oligopoly is a market involving
- a. a single seller
 - b. only one consumer
 - c. only a few sellers
 - d. multiple consumers
 - e. a market with a nearly infinite number of sellers
25. There is only one point where the supply and demand curves will intersect. This is the point at which the market is at
- a. symmetry
 - b. balance
 - c. equity
 - d. equilibrium
 - e. balance
26. If an economy’s total output is \$200 million per year and that economy has 100,000 workers, what is that economy’s average labor productivity?
- a. \$25,000
 - b. \$2,000
 - c. \$4,000
 - d. \$200
 - e. \$1,000
27. In an economy where ten people produce \$100 worth of goods and services, which situation is NOT Pareto efficient?
- a. Each citizen receives \$9 in benefits.
 - b. One citizen receives \$99.10 in benefits and the rest receive \$0.10 each.
 - c. Every citizen receives \$10 in benefits.
 - d. Four citizens receive \$20 in benefits, two citizens receive \$5 in benefits, and the rest receive \$2.50.
 - e. One citizen receives \$91 in benefits and the rest receive \$1 each.
28. Which of the following is considered the central topic of microeconomics?
- a. highs and lows
 - b. cause and effect
 - c. supply and demand
 - d. ups and downs
 - e. gain and loss

29. For most goods, also called normal goods, when income _____, the quantity demanded _____.
- a. rises, stays the same
 - b. rises, falls
 - c. stays the same, falls
 - d. falls, falls
 - e. falls, rises
30. When exports exceed imports, economists say that the country is running a trade _____.
- a. deficit
 - b. shortfall
 - c. margin
 - d. bonus
 - e. surplus
31. The recurrent alternation of expansions and recessions in an economy is referred to as the _____.
- a. business cycle
 - b. business rotation
 - c. business oscillation
 - d. business institution
 - e. business plan
32. Despite two decades of economic growth since the late 1990s, the levels of this statistic are only now returning to levels reached 50 years ago.
- a. unemployment
 - b. GDP per capita
 - c. per capita income
 - d. CPI
 - e. GDP
33. Michael will pay \$40 for a ticket to a football game. Anja will pay \$60 for that ticket, and Lindsey will pay \$120. If the price of the ticket is \$40, what is the total consumer surplus Michael, Anja and Lindsey receive?
- a. \$120
 - b. \$100
 - c. \$40
 - d. \$220
 - e. \$180
34. When graphing a buyer's willingness to pay for a good, the total area below the demand curve and above the market price measures _____.
- a. consumer surplus
 - b. producer availability
 - c. consumer excess
 - d. producer surplus
 - e. consumer equilibrium

35. Given any particular outcome, economists would say that it was _____ efficient if there is no way to improve at least one person's well-being without reducing the well-being of someone else.
- a. Keynes
 - b. Pareto
 - c. Smith
 - d. Preston
 - e. Rousseau
36. GDP, or Gross Domestic Product, is the measure of the total quantity of goods and services produced in a country's economy, adjusted to remove the effects of
- a. imported goods
 - b. global disruption of trade
 - c. environmental changes
 - d. unemployment
 - e. inflation
37. According to some economists, the presence or absence of which factor(s) of production influence relative prices, and therefore the structure of both economic and political institutions?
- a. land
 - b. labor
 - c. capital
 - d. both land and labor
 - e. land, labor, and capital
38. Price _____ of demand measures how much the quantity demanded responds to a change in price.
- a. supply
 - b. excess
 - c. elasticity
 - d. addition
 - e. augmentation
39. Over time, people will buy more fuel-efficient cars, move closer to their jobs, and make other changes that will allow them to more significantly reduce their demand. This adjustment taking time is referred to as the
- a. time distance
 - b. time elasticity
 - c. time span
 - d. time horizon
 - e. time drift
40. Domestic residents of a country purchase foreign capital or financial assets totaling \$6 million while foreigners purchase \$4 million in domestic assets. Given this state, what is the net capital outflow of that country?
- a. \$24 million
 - b. \$2 million
 - c. \$6 million
 - d. \$4 million
 - e. \$10 million

41. The purchasing of Rockefeller Center by Mitsubishi in 1989 is an example of
- financial coordination
 - foreign proxy purchasing
 - net capital outflow
 - foreign direct investment
 - portfolio investment
42. This type of economics uses the tools of economic analysis to describe and explain economic phenomena and to make predictions about what will happen under particular circumstances.
- normative economics
 - consumptive economics
 - efficiency economics
 - positive economics
 - predictive economics
43. We say goods are substitutes when a _____ in the price of one good causes a _____ in the quantity demanded of another.
- decline, stagnation
 - growth, stagnation
 - decline, reduction
 - increase, reduction
 - decline, increase
44. If an economy sells 50 coats at \$25 per coat and 80 computers at \$300 per computer, the GDP of that economy is
- \$22,750
 - \$325
 - \$24,000
 - \$1,250
 - \$25,250
45. The topsoil in Africa, particularly in West Africa, limited opportunities for the _____ of agricultural production.
- intensification
 - marginalization
 - augmentation
 - variability
 - proliferation
46. Around 1500CE, which region had the GREATEST population density?
- sub-Saharan Africa
 - Central and South America
 - North America
 - Western Europe
 - China

47. In a situation of unit elastic demand, elasticity equals
- a. 0
 - b. less than 1
 - c. 1
 - d. greater than 1
 - e. infinity
48. The tendency of government deficits to reduce private investment is called
- a. crowding out
 - b. peripherizing
 - c. marginalizing
 - d. peripheral margins
 - e. boxing out
49. Which of the following was NOT a major trade route for the African slave exports between 1500 and 1800?
- a. the Atlantic
 - b. East Africa
 - c. the Sahara
 - d. the Red Sea
 - e. South Africa
50. A family has to decide how much of its income they spend on food, clothing, and vacation travel. This is an example of
- a. balancing
 - b. shortages
 - c. rarity
 - d. scarcity
 - e. comparatives

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ANSWER KEY

1. D
2. B
3. A
4. D
5. C
6. B
7. C
8. A
9. B
10. A
11. E
12. C
13. C
14. D
15. B
16. D
17. D
18. B
19. B
20. D
21. C
22. E
23. E
24. C
25. D

26. B
27. A
28. C
29. D
30. E
31. A
32. C
33. B
34. A
35. B
36. E
37. E
38. C
39. D
40. B
41. D
42. D
43. C
44. E
45. A
46. D
47. C
48. A
49. E
50. D