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## 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.mcwdn.org/ECONOMICS/EconMain.html>
- Economic Sample Quizzes  
[http://www.sscnet.ucla.edu/ssc/labs/cameron/e1f98/e1qz .htm](http://www.sscnet.ucla.edu/ssc/labs/cameron/e1f98/e1qz.htm)
- Monetary and Fiscal Policy  
[http://www.socialstudieshelp.com/Eco Mon and Fiscal.htm](http://www.socialstudieshelp.com/Eco_Mon_and_Fiscal.htm)
- tutor2u - Economics Quizzes  
<http://www.tutor2u.net/quiz/economics/default.asp>

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## 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

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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

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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

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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