

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 objective test.

**Competencies and Task Lists**

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

**Web Site Resources**

- Business Education Links  
<http://lessonplans.btskinner.com/>
- 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)
- Investing Pays Off Curriculum (teacher's guide, worksheets, answer keys) by Merrill Lynch  
<http://philanthropy.ml.com/ipo/volunteer/curriculumletter.html>
- MDI Educator Resources on Insurance  
<http://insurance.mo.gov/consumer/teens/educators.htm>
- Monetary and Fiscal Policy  
[http://www.socialstudieshelp.com/Eco\\_Mon\\_and\\_Fiscal.htm](http://www.socialstudieshelp.com/Eco_Mon_and_Fiscal.htm)
- tutor2u  
<http://www.tutor2u.net/quiz/economics/default.asp>

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**ECONOMICS SAMPLE QUESTIONS**

1. A rightward shift of the demand curve for some product Q might be caused by:
  - a. a decrease in the price of a product that is a complement good to product Q
  - b. a decrease in income if Q is a normal good
  - c. a decrease in the price of a product that is a close substitute good to product Q
  - d. an increase in income if product Q is an inferior good
2. Fiscal policy tools include:
  - a. changing the level of taxes only
  - b. changing the level of government spending only
  - c. changing the rate of growth in the money supply
  - d. changing the levels of taxes and government spending
3. A government subsidy to producers of a product:
  - a. increases product demand
  - b. increases product supply
  - c. reduces product demand
  - d. reduces product supply
4. An unusually large crop of corn might:
  - a. increase the price of wheat
  - b. increase the supply of corn
  - c. decrease the supply of corn
  - d. decrease the amount of corn consumed

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5. Which one of the following economic concepts provides the basic rationale for international trade?
    - a. comparative advantage
    - b. absolute advantage
    - c. increasing opportunity costs
    - d. the law of demand
  
  6. An economist who favors smaller government would recommend:
    - a. tax increases during a recession and reduced government spending during times of inflation
    - b. tax cuts during a recession and reduced government spending during times of inflation
    - c. tax increases during a recession and increased government spending during times of inflation
    - d. tax cuts during a recession and increased government spending during times of inflation
  
  7. In the short run, purely competitive firms will maximize profits where:
    - a.  $AFC=AVC$
    - b.  $ATC=AVC$
    - c.  $MC=MR$
    - d.  $AFC=ATC$
  
  8. In the short run, a purely competitive firm should produce as long as total revenue covers its:
    - a. marginal costs
    - b. total fixed costs
    - c. total variable costs
    - d. accounting costs
  
  9. Economists would describe the U.S. automobile industry as:
    - a. purely competitive
    - b. an oligopoly
    - c. a monopoly
    - d. monopolistically competitive
  
  10. For most state governments, the biggest expenditure is for:
    - a. economic development
    - b. state police
    - c. education
    - d. prisons
  
  11. A firm in a purely competitive market is:
    - a. a price maker
    - b. mutually interdependent
    - c. a price chooser
    - d. a price taker
  
  12. Which barrier creates a natural monopoly?
    - a. large economies of scale
    - b. small economies of scale
    - c. legal barriers
    - d. inefficiency
  
  13. A monopoly price is:
    - a. lower than a competitive price and is where average cost equals price
    - b. the highest price possible
    - c. equal to the competitive price
    - d. higher than a competitive price and is where marginal revenue equals marginal cost

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14. Which one of the following would both be expansionary fiscal policy?
- decrease government spending and raise taxes
  - decrease government spending and cut taxes
  - increase government spending and cut taxes
  - increase government spending and raise taxes
15. Many countries have argued that their young industries need protection from more mature foreign competition. This argument for trade barriers is called the:
- save domestic employment argument
  - infant industry argument
  - mature industry argument
  - self sufficiency argument
16. When economic profits increase:
- new entry occurs and prices will rise
  - firms tend to invest less and supply decreases
  - firms tend to invest more and supply increases
  - investment increases and firms exit the market
17. Suppose a steel plant pollutes in a river and causes real estate values to decrease. Which one of the following is a judicial solution?
- The steel company purchases the right to pollute the river.
  - The real estate owners sue the steel company.
  - The EPA shuts down the steel plant and fines the company.
  - The steel company and the real estate owners negotiate through a mediator and come to an agreement for compensation.
18. The biggest portion of local government spending is:
- education
  - prisons
  - airports
  - highways
19. Social security and Medicare are examples of the government's role as:
- an advocate of free markets
  - economic stabilizer
  - the world's only superpower
  - a safety net for society
20. Which one of the following is a public good?
- an aircraft carrier
  - a television
  - a concert
  - a movie
21. The median voter theorem suggests:
- voters should pick the candidate with better positions than the median candidate
  - median voters decide elections
  - voters should pick the candidate closest to the median position
  - half the voters are liberal and half are conservative
22. A proportional tax also is called a:
- progressive tax
  - redistributive tax
  - indirect tax
  - flat tax

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23. Industrial equipment is an example of a:
- human resource
  - consignment good
  - natural resource
  - capital good
24. Which one of the following is an example of a government regulation that affects a business's working conditions?
- minimum wage
  - food inspection
  - zoning laws
  - price supports
25. A country imports goods and services from other countries in order to:
- create a trade deficit
  - participate in domestic trade
  - create a trade surplus
  - satisfy domestic wants and needs
26. What is the correct fiscal policy when a recession is caused by decrease in aggregate demand?
- decrease government spending and decrease taxes
  - increase government spending and increase taxes
  - decrease government spending and increase taxes
  - increase government spending and decrease taxes
27. When price rises on a price-inelastic good, what happens?
- quantity demanded decreases, but by a larger percentage
  - demand decreases
  - quantity demanded decreases, but by a smaller percentage
  - quantity demanded increases
28. The United States' four largest trading partners are:
- Canada, China, Germany, and France
  - Canada, Italy, Germany, and Mexico
  - Canada, China, Saudi Arabia, and Korea
  - Canada, China, Japan, and Mexico
29. Which one of the following best describes monopoly?
- barrier to entry, lots of firms
  - price chooser, one firm
  - easy entry, one firm
  - price chooser, lots of firms
30. A merger of two firms with unrelated products is called a:
- horizontal merger
  - conglomerate merger
  - vertical merger
  - multinational merger