

**NOTE:** This is a set of questions used during the quiz bowl at NET 2017. Please be aware that the structure may change for this year.

### Round 1

**(1 point)**

1. Suppose there are two countries, Country A and Country B in the world. If Country A's net export increases, what happens to Country B's net export?

**Ans:** Falls

**(1 point)**

2. Consider a normal supply and demand curve. If demand for good X increases, what happens to the price of good X?

**Ans:** Increases

**(2 point)**

3. How many federal reserve banks are there in the U.S.?

**Ans:** 12

**(2 point)**

4. What is money without inherent value made legal tender by government decree called?

**Ans:** Fiat money

**(1 point)**

5. Name all the components used in calculating GDP.

**Ans:** Consumption, Investment, Government Expenditures, Net Exports

**(1 point)**

6. If the price of milk goes down, what happens to the demand for Oreos?

**Ans:** Increases

**(1 point)**

7. This event came to be known as "Black Tuesday." It happened in 1929, and is often cited as the beginning of the Great Depression.

**Ans:** Stock Market Crash/Failure/Drop

**(2 point)**

8. A private good fulfills what two requirements?

**Ans:** Rival and Excludable

**(1 point)**

9. Who was the chair of the Federal Reserve during the Great Recession?

**Ans:** Ben Bernanke

**(2 point)**

10. The condition of persistent high inflation and high unemployment is known as what?

**Ans:** Stagflation

**(3 point)**

11. Where does the supply of loanable funds come from?

**Ans:** National saving, saving, total saving

**(1 point)**

12. What country has the second largest economy in the world?

**Ans:** China

**(1 point)**

13. If the fixed cost of producing a good is high, is it harder or easier to maintain a monopoly?

**Ans:** Easier

**(1 point)**

14. What effect does the government giving a tax refund to Susan have on the GDP?

**Ans:** No effect

**(2 point)**

15. What is the latin term used in economics for “all else being equal”?

**Ans:** Ceteris Paribus

**(4 point)**

16. Who was the chair of the Federal Reserve that brought inflation down from as high as 14.8% during the 1970's and 80's?

**Ans:** Paul Volcker

**(4 point)**

17. What two variables does the Laffer curve describe the relationship of?

**Ans:** Government revenue and tax rates

**(1 point)**

18. Which organization controls the printing of money in the U.S.?

**Ans:** U.S. Treasury

**(2 point)**

19. Name the four components of a business cycle.

**Ans:** Peak, Trough, Expansion, Recession

**(4 point)**

20. What is the name of the Austrian economist who is known for winning the nobel prize for economics in 1974 and writing the book, *The Road to Serfdom*?

**Ans:** Friedrich von Hayek

**(1 point)**

21. As the number of firms in a market increase, does it become harder or easier to collude?

**Ans:** Harder

**(3 point)**

22. Suppose that there are two firms in a market and that they produce the exact same normal good. If firm A's price is lower than firm B's, what is the profit of firm B?

**Ans:** 0

**(3 point)**

23. "Crowding out" limits the effectiveness of expansionary fiscal policy. When crowding out happens, what happens to market interest rate and private investment?

**Ans:** Interest rate increases, private investment decreases

**(2 point)**

24. In the past 2 decades, has the US mostly run a budget surplus, deficit, or broke-even?

**Ans:** Deficit

**(3 point)**

25. What type of monopoly occurs as a result of a market situation where the costs of production are minimized by having a single firm producing the product?

**Ans:** Natural monopoly

**(1 point)**

26. Income tax in the U.S. is a flat, progressive, or regressive tax?

**Ans:** Progressive

**(1 point)**

27. The current chair of the Federal Reserve is who?

**Ans:** Janet Yellen

**(2 point)**

28. If Mexico's GDP is growing at 2.5% a year, how many years will it take for Mexico's GDP to double?

**Ans:** 28 years

**(1 point)**

29. This French term describes a perfect market economy with minimal government interference.

**Ans:** Laissez-faire

**(2 point)**

30. What is the price elasticity of demand if the demand curve is parallel to the price axis?

**Ans:** 0

**(1 point)**

31. What does the TPP stand for?

**Ans:** Trans-Pacific Partnership

**(3 point)**

32. Name two of the three functions of money.

**Ans:** Medium of exchange, store of value, unit of account

**(4 point)**

33. Describe the shape of a preference curve, also known as the indifference curve, when a consumer faces perfect complements.

**Ans:** Leontieff Curve, L shaped curve with the edge pointing toward the origin

**(1 point)**

34. Adam Smith wrote a famous book entitled what?

**Ans:** *The Wealth of Nations*

**(2 point)**

35. What do you call the effect that causes individual spending to increase as real income increases?

**Ans:** Income effect

**(2 point)**

36. If a country devalues its currency, what happens to its net exports?

**Ans:** Increases

**(1 point)**

37. What is the term for a good that is less desired as income increases?

**Ans:** Inferior Good

**(3 point)**

38. The inflation rate of the US is currently what rounded to the nearest whole percent?

**Ans:** 3% (2.7% accepted)

**(2 point)**

39. Adam has decided to enroll at a community college where annual tuition is \$4500 instead of taking a job that pays \$13500 a year. What is the annual economic cost of attending the college?

**Ans:** \$18000

**(2 point)**

40. What do you call the effect that causes a consumer to consume more of other goods as the price of one good increases?

**Ans:** Substitution effect

**(4 point)**

41. The Fisher effect states that real interest rate is independent of monetary measures. Give the Fisher Equation.

**Ans:** Real interest rate = nominal interest rate - expected inflation rate