

## QUIZ BOWL

1. Measured in terms of total value of merchandise trade, what country is the United States' number one trading partner?  
(Canada)
2. What term do economists use when discussing how fast a typical dollar changes hands?  
(the velocity of money)
3. Tennis balls and tennis racquets, cameras and film, movies and popcorn, cars and gasoline--each of these pairs are examples of what kind of goods?  
(complements)
4. A business' fixed costs are \$100 when it produces 20 units of output. What would they be if it produced 40 units?  
(\$100)
5. Who wrote a critical appraisal of capitalism entitled "Das Kapital?"  
(Karl Marx)
6. A balanced-budget amendment would prevent the federal government from pursuing what general type of policies?  
(fiscal)
7. Shortages, surpluses, scarcity--which are markets unable to eliminate?  
(scarcity)
8. A business sells all of its output at a price of \$20. What is the average revenue it earns?  
(\$20)
9. An embargo is just an extreme special case of what other type of trade barrier?  
(quota)
10. If the price level rises by one-third, the value or purchasing power of money falls by one what?  
(fourth)
11. The income payment to capital resources is called what?  
(interest/dividends)
12. Individuals who bring economic resources together and assume risk are called what?  
(entrepreneurs)

13. When most people say a good is inferior they mean it is of low quality, but economists say a good is inferior when the demand for it falls as what happens?  
(income rises)
14. The United States can produce 100 bushels of wheat per acre while Russia can only produce 80. Which country has a comparative advantage in wheat production?  
(cannot say!)
15. What economic concept literally implies that "buyers rule?"  
(consumer sovereignty)
16. Economists would call the effect of secondhand smoke on non-smokers what?  
(a negative externality)
17. What is the largest source of the federal government's revenue?  
(personal income tax)
18. A car produced in 1999 was first leased in 2000 and finally sold in 2001. In which year would the value of the car be included in the GDP?  
(1999)
19. If the slope of the consumption schedule is .80, what is the slope of the saving schedule?  
(.20)
20. Progressive, proportional, or regressive--which tax structure best promotes built-in stability in the economy?  
(progressive)
21. Who owns the Federal Reserve Banks?  
(the member banks)
22. Following a "tight" monetary policy means what?  
(slowing the growth of money supply/higher interest rates)
23. Which presidential administration is most closely associated with the policies of supply-side economics?  
(Reagan)
24. If the price index went from 100 in its base year to 150 today, what would be the cost today of a representative bundle of goods which cost \$400 in the base year?  
(\$600)
25. Who gains in a voluntary trade, the buyer or the seller?  
(both!)

26. The legislation which gave the federal government a mandate to promote economic stability in the economy was the Employment Act of what year?  
(1946)
27. When an economist says society is getting "too much of a good thing," what can you say about the marginal benefit and marginal cost of that thing?  
( $MC > MB$ )
28. What do the letters "WTO" stand for?  
(World Trade Organization)
29. Which form of business organization limits the liability of owners for the debts of the business?  
(corporations)
30. In the United States roughly what fraction of the total population is in the labor force?  
( $1/2$ )
31. The Dow Jones Industrial average is based on how many different stocks?  
(30)
32. Give an example of household debt.  
(mortgage/car loan/balance on credit card account)
33. Suppose a \$1000 deposit is made at a bank which has no excess reserves. If the reserve requirement is 10%, what would this bank's excess reserves be after this deposit?  
(\$900)
34. If all the inputs are doubled in a production process which is subject to increasing returns to scale, what will the amount of output produced do?  
(more than double)
35. Unscramble the phrase "COMIC NOSE" and you have what this contest is all about.  
(economics)
36. What is the essential difference between a perfectly competitive market and one which is monopolistically competitive?  
(product differentiation)
37. On a business' balance sheet, the liabilities and net worth of the business added together are equal to what?  
(its assets)

38. This term sounds more like a lumberjack contest. What name is given to the exchange of political favors, usually votes, by elected officials?  
(logrolling)
39. What has happened to the magnitude of federal deficits every year since 1992?  
(they have fallen)
40. Adam Smith wrote that markets guided resources to their most valued uses as if guided by what difficult-to-see appendage?  
(invisible hand)
41. A business sells 20 units of its output for \$15 each. What are its total revenues?  
(\$300)
42. Households allocate their incomes in three basic ways. They spend it, save it, or do what with it?  
(pay taxes)
43. The Sherman Anti-trust Act of 1890 was enacted to deal with what economic problem?  
(monopoly/economic power)
44. What kind of unemployment do construction workers in north states experience each winter?  
(seasonal)
45. What function of money is the M1 definition of money based on?  
(medium of exchange)
46. The rate of interest at which banks can borrow from the Federal Reserve is called what?  
(discount rate)
47. Conservatives, Liberals, or Radicals--which group trusts free markets the most?  
(Conservatives)
48. Of the first, second, and third slices of pizza, which is assumed by economists to yield the least amount of satisfaction to a person?  
(third)
49. In the long run, what does the price in a perfectly-competitive industry equal to?  
(minimum long-run average cost of production)

50. A trade deficit exists when what is true?  
(imports exceed exports)
51. The selling of products in foreign countries at prices below the cost of their production is a practice known as what?  
(dumping)
52. A decrease in real GDP for two consecutive quarters is called what?  
(a recession)
53. What more familiar term do we use for cartels in the labor markets?  
(unions)
54. Economists are fond of saying that there's no such thing as a free what?  
(lunch)
55. An assembly line, a hammer, a computer, a factory building, a tractor--these are all examples of which kind of productive resource?  
(capital)
56. A durable good is defined as one having an expected useful life of how long?  
(one year or more)
57. If the Consumer Price Index rose from 200 last year to 206 this year, what is the indicated rate of inflation?  
(3%)
58. Productivity is measured as the ratio of what two things?  
(output and input)
59. Name the three partners in the NAFTA treaty.  
(Mexico, Canada, and the U.S.)
60. Karl Marx believed that the value of a good was dependent solely on what?  
(the amount of labor time necessary to produce it)
61. The vast majority of all income earned in the U.S. is what type of income?  
(wage and salaries)
62. If the government's tax receipts exceed its expenditures, it is said to have a budget what?  
(surplus)

63. What is the current required reserve ratio for most banks?  
(10%)
64. Which group has the most debt outstanding in the U.S.?  
(households)
65. Technological advancements in the production of a good generally do what to its equilibrium price and quantity sold?  
(reduce the price and increase the quantity sold)
66. If inflation is not cost-push inflation, what opposite-sounding type of inflation might it be?  
(demand-pull)
67. One U.S. dollar, one Japanese yen, or one British pound-- which is worth the most?  
(one British pound)
68. What is being analyzed when economists consider the incidence of a tax?  
(who actually ends up paying the tax)
69. The fact that small changes in spending can lead to large changes in equilibrium GDP is due to what effect?  
(multiplier)
70. A firm produces 100 widgets at a cost of \$4 each and sells them for \$4.50. What are its economic profits?  
(\$50)
71. A merger between a firm and one of its input suppliers would be what kind of merger?  
(vertical)
72. What Latin phrase do economists use when they assume all factors other than those under consideration stay the same?  
(ceteris paribus)
73. Name three of the four expenditure categories.  
(government spending, net exports, consumption, investment)
74. Dividing a firm's output or sales by the total industry output or sales yields what measure?  
(the firm's market share)
75. What distinguishes short run production from long run production?  
(in the long run all inputs are variable)

76. The government creates a barrier to entry when it grants an inventor the exclusive right to produce a product for 17 years. What is this right called?  
(a patent)
77. As the price of a a good rises, what generally happens to the quantity suppliers are willing to offer?  
(increases)
78. What do the three M's of 3M stand for?  
(Minnesota Mining and Manufacturing)
79. Which market structure is dominated by a few, interdependent firms?  
(oligopoly)
80. What was President Roosevelt's name for the practical "do something" approach to economic policy he developed in the 1930's?  
(The New Deal)
81. Small-denomination time deposits share what name with musical recordings?  
(CD's)
82. Whose "rule of thumb" says that a 1% increase in unemployment leads to a 2 1/2% decrease in production?  
(Okun)
83. A limitation on how much of a good can be shipped into a country is called a what?  
(quota)
84. A statement of a firm's assets, liabilities, and net worth is called what?  
(balance sheet)
85. The lack of what creates a lack of investment and growth in less developed countries?  
(saving)
86. Pay taxes, pay dividends, or keep--which do corporations do most with their before-tax profits?  
(pay dividends)
87. What arresting dilemma demonstrates the difficulty of cooperative behavior in certain situations?  
(prisoner's dilemma)

88. A movie theater showing anew hit movie charges \$9.00 for adults and \$5.00 for children 12 and under is engaging in price what?  
(discrimination)
89. A firm should shut down in the short run whenever its price is less than what?  
(its AVC)
90. The total value of a good may be measured by adding the total amount spent on it to what?  
(the consumer surplus)
91. What is the net effect of expansionary monetary policy on a country's trade deficit?  
(increase)
92. A downward-sloping Phillips would indicate a trade-off between inflation and what?  
(unemployment)
93. What fluid term is used to describe how easily it is to turn an asset into into cash?  
(liquidity)
94. A worker who has given up looking for a job because she feels there is little chance of finding one is called what?  
(a discouraged worker)
95. Like a small child who got way too much sugar, what happens if an economy gets way too much money?  
(hyperinflation)
96. What colorful term is used for a black market which is unofficially allowed by the government?  
(a gray market)
97. State the equation of exchange.  
( $MV = PQ$ )
98. Who wrote the book entitled "An Inquiry into the Nature and Causes of the Wealth of Nations" published in 1776?  
(Adam Smith)
99. If the price of cameras rises, what is the expected effect on the demand for film and film development?  
(falls/decreases)
100. What do the letters "FOMC" stand for?  
(Federal Open Market Committee)



101. Laws enacted to promote competition are generally referred to by what opposite-sounding name?  
(anti-trust)
102. Name three general types of unemployment.  
(frictional, structural, cyclical, and seasonal)
103. MPC plus MPS equals what?  
(1)
104. An increase in taxes and government spending by \$50 billion each would lead to what expected change in real GDP?  
(increase by \$50 billion)
105. Changes in the money supply, interest rates, or the general availability of credit designed to influence the performance of the economy are examples of what kind of policy?  
(monetary)
106. With a progressive tax system, as income rises the average tax rate does what?  
(rises)
107. Name two basic functions of money.  
(medium of exchange, measure of value, and store of value)
108. The rate of interest at which banks borrow overnight from other banks is called what?  
(the federal funds rate)
109. To the nearest trillion, what is the current size of the public debt of the federal government?  
(\$5 trillion)
110. When its price rises from \$2 to \$3 the number of widgets sold falls from 100 to 80. In general terms, what is the elasticity of demand?  
(inelastic [.40])
111. What word, which sounds like a word for a power company, do economists use to mean satisfaction or pleasure?  
(utility)
112. Short-run cost curves are U-shaped due to what economic law?  
(law of diminishing marginal product or returns)
113. A firm is experiencing constant returns to scale. Thus, if it increases all of its inputs by 20%, its output would do what?  
(increase by 20%)

114. Falling prices for the inputs used to produce bicycles will do what to the market supply of bicycles?  
(shift to the right; increase)
115. All firms maximize their profits (or minimize their losses) by producing at that output level where marginal revenue equals what?  
(marginal cost)
116. If the dollar appreciates in value, what does this do to the cost of U.S. exports to foreigners?  
(increases)
117. What does the acronym TANSTAAFL stand for?  
(There ain't no such thing as a free lunch!)
118. If the production of a good results in spillover benefits, how will the market output of it compare to that which is efficient?  
(it will be less/too little)
119. If the relationship between two economic variables is positive or direct, then when one increases what happens to the other?  
(it also increases)
120. Name the four general types of productive resources.  
(human/labor, natural/land, capital, entrepreneurial)
121. When workers specialize in various tasks to produce a product economists refer to this by what mathematical-sounding term?  
(division of labor)
122. Lighthouses, mosquito control, ultra-violet ray protection from the ozone layer, and national defense are all examples of what kind of good?  
(public)
123. Net exports are negative when what is true?  
(imports exceed exports)
124. What is the largest component of the M1 definition of money?  
(checkable deposits/transactions accounts)
125. Supply-side economists view what as the principal destroyer of incentives to work, save, and invest?  
(high taxes/government regulations)

126. The concept of derived demand suggests that one way to increase the demand for iron ore is to increase the demand for what?  
(steel/steel products)
127. Laws which limit the maximum interest rate that can be charged on a loan are called what?  
(usury laws)
128. How many dollars would it cost to buy a Russian souvenir if the souvenir has a price of 10,000 rubles and the exchange rate is 5000 rubles per dollar?  
(\$2)
129. What do the letters CPI stand for?  
(Consumer Price Index)
130. Large federal deficits tend to do what to interest rates?  
(increase them)
131. Who wrote "The General Theory of Employment, Interest, and Money" published in 1936?  
(John Maynard Keynes)
132. The act of increasing the amount of an economy's capital is called what?  
(investment)
133. The unemployment rate is found by dividing the number of people unemployed by what?  
(size of the labor force)
134. The statement "supply creates its own demand" is known as whose law?  
(Say's/Jean-Baptiste Say)
135. As income rises, the proportion that people tend to save does what?  
(rises)
136. If the government were pursuing an expansionary policy, how would it likely change taxes?  
(decrease them)
137. Who is the Chairman of the Board of Governors of the Federal Reserve System?  
(Alan Greenspan)
138. What "monetary rule" do Monetarists suggest adopting?  
(growth of money supply set equal to long-run growth potential of GDP/a set 3-5% per year)

139. If a small fall in price leads to an increase in the total expenditures made on a product, its demand, like a rubber band, is said to be what?  
(elastic)
140. When a price is not allowed by law to rise above a certain amount, it is called a price what?  
(ceiling)
141. If there are economies of scale then a doubling of the level of output has what effect on total costs?  
(less than doubling)
142. Because they lack much control over the price of their products, firms in competitive industries are not seen as "price-makers" but instead as what?  
("price-takers")
143. Does a strong U.S. dollar help or hurt U.S. exports?  
(hurt)
144. Firms in perfectly-competitive industries earn how much economic profits in the long run?  
(zero)
145. Other things being equal, how does the risk of default on a loan effect the interest rate charged for the loan?  
(increases it)
146. The most encompassing form of collusion is when competing firms form a what?  
(cartel)
147. Coke and Pepsi, Big Macs and Whoppers, butter and margarine, and Valleyfair and Camp Snoopy are each examples of goods which are what for each other?  
(substitutes)
148. Which major political party has historically taken a more pro-business and pro-market stance?  
(Republican)
149. The United Mine Workers, the National Education Association, and the Teamsters are examples of what?  
(labor unions)
150. Which is larger--M1 or M2?  
(M2)
151. What fraction of the U.S. population is in the U.S. labor force?  
( $\frac{1}{2}$ )

152. In 1936, John Maynard Keynes wrote a book entitled "The General Theory..." of what?  
(Employment, Interest, and Money)
153. Cola is a type of soft drink, but is also an acronym for what common economic contract clause?  
(Cost Of Living Adjustment)
154. What curve is the most widely used measure of income distribution or income inequality?  
(Lorenz)
155. What amount is the dividing line between small and large time deposits?  
(\$100,000)
156. Name something that would expand a country's production possibilities curve.  
(increases in resources; technological advances which increase productivity)
157. A business owned and managed by two or more individuals who receive all the profits or bear all the losses is called a what?  
(partnership)
158. If the nominal interest rate is 7% and the inflation rate is 3%, the real rate of interest is what?  
(4%)
159. Of M1, M2, and M3, which of these includes deposits in savings accounts?  
(both M2 and M3)
160. The largest component of GDP is what?  
(consumption expenditures)
161. In what year was the Federal Reserve System established?  
(1913)
162. In terms of price elasticity, a monopolist would never set its price in what region of the demand curve it faces?  
(the inelastic region)
163. Given U-shaped short-run average total, average variable, and marginal cost curves, which one has the lowest minimum value?  
(the marginal cost curve)

164. If the marginal cost of producing one more unit is less than the average cost of producing at current levels, producing one more unit will cause average costs to do what?  
(fall)
165. Rising gasoline prices do what to the demand for SUVs?  
(decreases it)