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
9. Who was the chair of the Federal Reserve during the Great Recession?
   Ans: Ben Bernanke

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

11. Where does the supply of loanable funds come from?
    Ans: National saving, saving, total saving

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

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

14. What effect does the government giving a tax refund to Susan have on the GDP?
    Ans: No effect

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

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

17. What two variables does the Laffer curve describe the relationship of?
    Ans: Government revenue and tax rates
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
27. The current chair of the Federal Reserve is who?
   Ans: Janet Yellen

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

29. This French term describes a perfect market economy with minimal government interference.
   Ans: Laissez-faire

30. What is the price elasticity of demand if the demand curve is parallel to the price axis?
   Ans: 0

31. What does the TPP stand for?
   Ans: Trans-Pacific Partnership

32. Name two of the three functions of money.
   Ans: Medium of exchange, store of value, unit of account

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

34. Adam Smith wrote a famous book entitled what?
   Ans: *The Wealth of Nations*

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