

Jordanian Scientific Olympiad / Economics

Name:

Second Round

* Exam Instructions:

- This is a one-hour exam.
- This exam consists of 20 multiple-choice questions.
- Please fill in the letter corresponding to the correct answer in the following table. This sheet should be handed back with the exam paper.
- Calculators, Cell phones, and all electronic devices are prohibited in this exam.

Question	Answer
1	
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Question	Answer
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Total

Best of luck

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1. Macroeconomics is mostly focused on

- A. The individual markets within an economy.
- B. Only the largest industries in the economy.
- C. The economy as a whole.
- D. Why specific businesses fail.

2. The business cycle depicts

- A. Fluctuations in the general price level.
- B. The phases a business goes through from when it first opens to when it finally closes.
- C. The evolution of technology over time.
- D. Short-run fluctuations in output and employment.

3. Which of the following is most closely related to recessions?

- A. Positive long-run economic growth
- B. Rapid growth in the price level
- C. Falling rates of unemployment
- D. Negative real growth in output

4. Real GDP measures the

- A. The total dollar value of all goods and services produced within the borders of a country using current prices.
- B. Value of final goods and services produced within the borders of a country, corrected for price changes.
- C. Total dollar value of all goods and services consumed within the borders of a country, adjusted for price changes.
- D. Value of all goods and services produced in the world, using current prices.

5. Harry's Pepperoni Pizza Parlor produced 10,000 large pepperoni pizzas last year that sold for \$10 each. This year Harry's again produced 10,000 large pepperoni pizzas (identical to last year's pizzas) but sold them for \$12 each. Based on this information, we can conclude that Harry's production of large pepperoni pizzas

- A. Increased both nominal and real GDP from last year.
- B. Increased nominal GDP from last year, but real GDP was unaffected.
- C. Increased real GDP from last year, but nominal GDP was unaffected.
- D. Did not change either nominal or real GDP from last year.

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6. Why are high rates of unemployment of concern to economists?

- A. Higher rates of unemployment generally lead to higher inflation rates.
- B. Environmental destruction is more prevalent when unemployment rates are high.
- C. There is lost output that could have been produced if the unemployed had been working.
- D. All of these options are reasons why economists are concerned about high unemployment rates.

7. Unemployment describes the condition where

- A. Equipment and machinery are going unused.
- B. A person cannot get a job but is willing to work and is actively seeking work.
- C. A person does not have a job, regardless of whether or not he or she wants one.
- D. Any resource sits idle.

8. Inflation is defined as

- A. An increase in the overall level of prices.
- B. The rate of growth in nominal GDP.
- C. A situation where all prices in the economy rise simultaneously.
- D. The growth phase of the business cycle.

9. The three statistics that are the main focus for those measuring macroeconomic health are

- A. Real GDP, inflation, and unemployment.
- B. Real GDP, nominal GDP, and inflation.
- C. Nominal GDP, unemployment, and inflation.
- D. Real GDP, nominal GDP, and unemployment.

10. Modern economic growth refers to countries that have experienced an increase in

- A. Real GDP over time.
- B. Nominal GDP over time.
- C. Real output spreads evenly across all sectors of the economy.
- D. Real output per person.

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C11. Savings are generated whenever

- A. Prices are rising.
- B. Current spending exceeds current income.
- C. Current income exceeds current spending.
- D. Real GDP exceeds nominal GDP.

12. Which of the following would an economist consider to be an investment?

- A. Boeing building a new factory
- B. Oprah buying a \$10 million home from a fellow celebrity
- C. A stockbroker buying 10,000 shares of Starbucks stock
- D. All of these

13. If an economy wants to increase its current level of investment, it must

- A. Sacrifice future consumption.
- B. Print more money.
- C. offers more stocks and bonds to financial investors.
- D. Sacrifice current consumption.

14. Banks and other financial institutions

- A. Are the primary investors in equipment, factories, and other capital goods.
- B. Lack relevance in the modern economy because they focus primarily on financial assets and generally do not engage in real investment activity.
- C. Promote economic growth by helping to direct household savings to businesses that want to invest.
- D. Often hinder economic activity by creating barriers between household savers and firms wanting to invest in capital goods.

15. Economic rent refers to the price paid for land and other natural resources that

- A. Are fixed in total supply.
- B. Vary directly with their market prices.
- C. Vary inversely with their market prices.
- D. Are available in nearly unlimited quantities.

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16. The demand for farmland will increase if

- A. The demand for food decreases.
- B. Technological advances make land more productive.
- C. The price of farm labor increases, and the output effect exceeds the substitution effect.
- D. The supply of farmland increases.

17. Relative to 1800, today in the world, there are

- A. More people but lower per-capita consumption.
- B. More people but the same per-capita consumption.
- C. More people and higher per-capita consumption.
- D. The same number of people but higher per-capita consumption.

18. The total fertility rate necessary to keep the population constant is approximately equal to

- A. 1.0.
- B. 1.5.
- C. 2.1.
- D. 3.0.

19. The population will necessarily fall if the

- A. The birthrate exceeds the replacement rate.
- B. The replacement rate exceeds the birthrate.
- C. Birthrate exceeds the total fertility rate.
- D. The total fertility rate exceeds the birthrate.

20. A progressive tax is such that

- A. tax rates are higher the greater one's income.
- B. The same tax rate applies to all income receivers, so that the rich pay absolutely more taxes than the poor.
- C. Entrepreneurial income is exempt from taxation.
- D. The revenues it yields are spent on transfer payments.