

Jordanian Scientific Olympiad / Economics

Name:

First Round

* Exam Instructions:

- This is a one-hour exam.
- This exam consists of 23 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
12	
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Total

Best of luck

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1. According to economists, economic self-interest

- A. is a reality that underlies economic behavior.
- B. has the same meaning as selfishness.
- C. means that people never make wrong decisions.
- D. is usually self-defeating.

2. A person should consume more of something when its marginal

- A. benefit exceeds its marginal cost.
- B. cost exceeds its marginal benefit.
- C. cost equals its marginal benefit.
- D. benefit is still better.

3. Economics may best be defined as the

- A. interaction between macro and micro considerations.
- B. social science concerned with how individuals, institutions, and society make optimal choices under conditions of scarcity.
- C. empirical testing of value judgments through the use of logic.
- D. study of why people are rational.

4. Opportunity costs exist because

- A. the decision to engage in one activity means forgoing some other activity.
- B. wants are scarce relative to resources.
- C. households and businesses make rational decisions.
- D. most decisions do not involve sacrifices or trade-offs.

5. Consumers spend their incomes to get the maximum benefit or satisfaction from the goods and services they purchase. This is a reflection of

- A. resource scarcity and the necessity of choice.
- B. purposeful behavior.
- C. marginal costs that exceed marginal benefits.
- D. the trade-off problem that exists between competing goals.

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6. Economists contend that most economic decisions are

- A. random.
- B. chaotic.
- C. spontaneous.
- D. purposeful.

7. Which of the following terms implies the greatest degree of confidence in an economic generalization?

- A. hypothesis
- B. comparison
- C. theory
- D. Anomaly

8. The scientific method is

- A. not applicable to economics because economics deals with human beings.
- B. also known as the economic perspective.
- C. employed to form hypotheses out of existing laws and theories.
- D. used by economists and other social scientists, as well as by physical scientists and life scientists, to formulate and test hypotheses.

9. Macroeconomics approaches the study of economics from the viewpoint of

- A. the entire economy.
- B. governmental units.
- C. the operation of specific product and resource markets.
- D. individual firms.

10. The issues of inflation, unemployment, and business cycles are

- A. major topics of macroeconomics.
- B. not relevant to the U.S. economy.
- C. the primary focus of microeconomics.
- D. positive economic issues, but not normative issues.

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11. Microeconomics is concerned with

- A. the aggregate or total levels of income, employment, and output.
- B. a detailed examination of specific economic units that make up the economic system.
- C. positive economics, but not normative economics.
- D. establishing an overall view of the operation of the economic system.

12. A normative statement is one that

- A. is based on the law of averages.
- B. applies only to microeconomics.
- C. applies only to macroeconomics.
- D. is based on value judgments.

13. A market

- A. reflects upsloping demand and downsloping supply curves.
- B. entails the exchange of goods, but not services.
- C. is an institution that brings together buyers and sellers.
- D. always requires face-to-face contact between buyer and seller.

14. The law of demand states that, other things equal,

- A. price and quantity demanded are inversely related.
- B. the larger the number of buyers in a market, the lower will be product price.
- C. price and quantity demanded are directly related.
- D. consumers will buy more of a product at high prices than at low prices.

15. The demand curve shows the relationship between

- A. money income and quantity demanded.
- B. price and production costs.
- C. price and quantity demanded.
- D. consumer tastes and quantity demanded.

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16. One reason that the quantity demanded of a good increases when its price falls is that the

- A. price decline shifts the supply curve to the left.
- B. lower price shifts the demand curve to the left.
- C. lower price shifts the demand curve to the right.
- D. lower price increases the real incomes of buyers, enabling them to buy more.

17. In the past few years, the demand for donuts has greatly increased. This increase in demand might best be explained by

- A. an increase in the cost of making donuts.
- B. an increase in the price of coffee.
- C. consumers expecting donut prices to fall.
- D. a change in buyer tastes.

18. If X is a normal good, a rise in money income will shift the

- A. supply curve for X to the left.
- B. supply curve for X to the right.
- C. demand curve for X to the left.
- D. demand curve for X to the right.

19. A government subsidy to the producers of a product

- A. reduces product supply.
- B. increases product supply.
- C. reduces product demand.
- D. increases product demand.

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20. Answer the question on the basis of the given supply and demand data for wheat.

Bushels Demanded Per Month	Price Per Bushel	Bushels Supplied Per Month
45	\$5	77
50	4	73
56	3	68
61	2	61
67	1	57

Equilibrium price will be

- A. \$4.
- B. \$3.
- C. \$2.
- D. \$1.

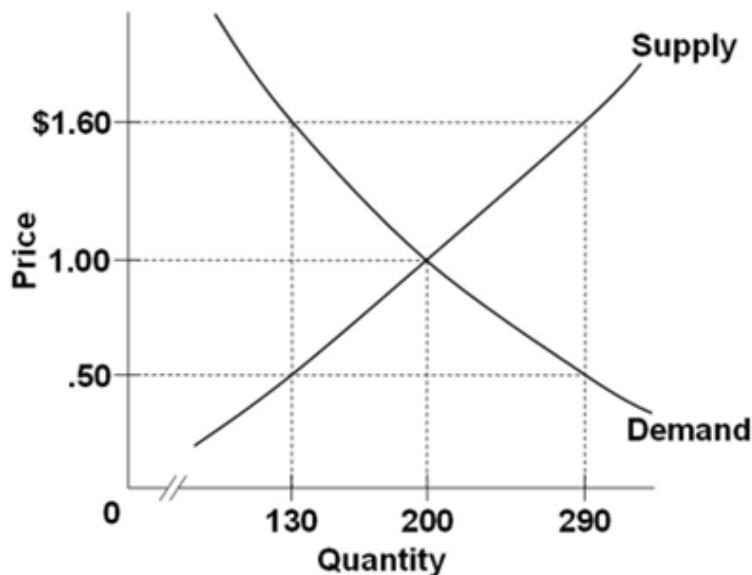
21. Answer the question on the basis of the given supply and demand data for wheat. If the price in this market was \$4,

- A. the market would clear; quantity demanded would equal quantity supplied.
- B. buyers would want to purchase more wheat than is currently being supplied.
- C. farmers would not be able to sell all their wheat.
- D. there would be a shortage of wheat.

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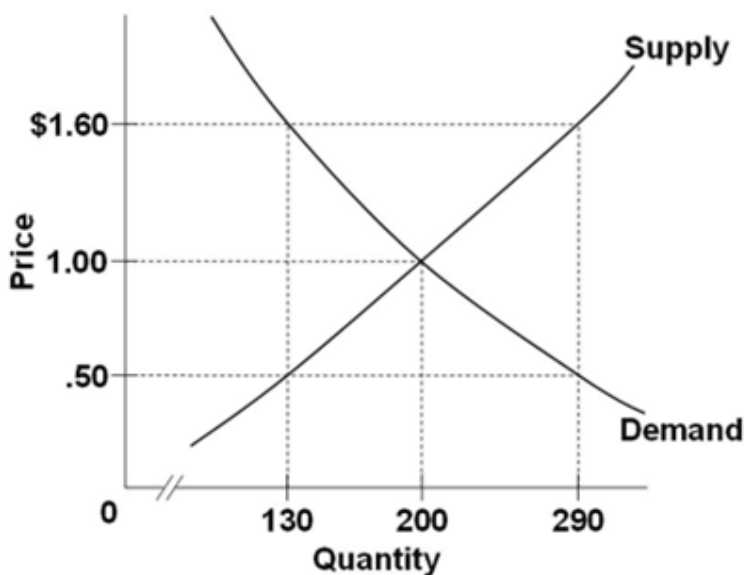
22.



Refer to the diagram. The equilibrium price and quantity in this market will be

- A. \$1.00 and 200.
- B. \$1.60 and 130.
- C. \$0.50 and 130.
- D. \$1.60 and 290.

23.



Refer to the diagram. A surplus of 160 units would be encountered if the price was

- A. \$1.10, that is, \$1.60 minus \$0.50.
- B. \$1.60.
- C. \$1.00.
- D. \$0.50.