

FRIDAY 10/13 ECON CHALLENGE PRACTICE

Agenda

1. Recap the Kowalski's Fundraiser
 - a. Raised \$665, which will mostly be paying for the MET
 - b. We will pick your teams for the MET, but you guys will make your own for the YEI
 - c. What is the YEI? What is the MET?
2. Econ Challenge website
 - a. Where to find past materials, weekly material
3. YEI
 - a. Date of competition
 - b. Practice materials
 - c. Get people thinking about teams?
4. MET
 - a. Date of competition
 - b. Explanation of tournament structure
5. Quiz bowl - buzzer style

QUIZ BOWL QUESTIONS

Mix of **easy** and new material - prepare to explain

Amaris

Victoria

Alec

Katie

#	Question	Explanation / Additional info
1	What is the current highest marginal federal income tax rate in the US? (37%)	Progressive tax system, from 10% to 37% based on income, but there are also deductions for kids, healthcare, donations, retirement funds so it's not so straightforward
2	What is the term used to describe the measure of responsiveness of quantity demanded or supply to a change in price? (elasticity)	Ben talked about this on Wednesday
3	How does an increase in consumer income affect the demand for luxury cars? (increase)	Luxury goods / normal goods vs inferior goods

4	What is the term for legal protection for a new invention? (patent)	Patent = invention Trademark = brand Copyright = publication
5	Imagine that a new technology lowers the cost of producing iPhones, while at the same time, a popular celebrity endorses them. What is the likely effect on the equilibrium price and quantity of tablet computers? (Q increases, P indeterminate)	Graph if needed
6	What country has the 2nd highest GDP in the world? (China)	1. US 2. China 3. Japan
7	What event in 1929 led to the Great Depression? (stock market/wall street crash, black tuesday)	
8	What is the name of the investment fraud where existing investors are paid with funds collected from new investors? (Ponzi scheme)	Ponzi scheme (fooling many people) vs pyramid scheme (asking more to recruit others to recruit others...)
9	What is the name of the chairman of the Federal Reserve? (Jerome Powell)	
10	Which country was the first to leave the EU, known as "Brexit"? (UK)	
11	When bank depositors rapidly withdraw their deposits, it is called a? (bank run)	A large group of people withdraw money out of fear that the bank won't be able to pay them back. The problem escalates as others also withdraw money, eventually leading to the bank defaulting since they can't pay their depositors back. These are often caused by panic.
12	The DOW is a U.S. stock market index. Which country has the DAX? (Germany)	Stock market index measures performance of stock market Another one mentioned by the MCEE is the <u>Nikkei</u> from Japan
13	What is the Latin phrase meaning all other things equal? (Ceteris Paribus)	All other variables remain the same
14	Coke and Pepsi, Big Macs and Whoppers are each examples of substitutes. Shoes and socks are examples of what? (complements)	Substitutes: things that have similar uses Complements: things that are used together
15	If there is a sudden popularity of electric scooters for commuting, what will happen to the demand for gasoline? (decrease)	Do electric scooters use gasoline?

16	What is the federal minimum wage? (\$7.25)	
17		
18	What is the name for the total market value of all final goods and services produced within a country's borders in a given period of time? (Gross Domestic Product)	MRU video ← good resource on GDP
19	When the price of a good falls, what happens to the quantity supplied? (decrease, down)	Law of Supply, refer to week 2 lesson
20	To increase total revenue when price elasticity of demand is elastic you should do what to the price? (lower or decrease)	Elastic demand = TR and Price are inverse/opposite direction Inelastic demand = TR and Price are direct/the same direction
21	What does OPEC stand for? (Organization of the Petroleum Exporting Countries)	
22	From which type of tax does the federal government get most of its revenue? (individual income tax)	1. Income 2. Social security & unemployment 3. Sales tax 4. Property 5. Corporate
23	When market interest rates fall, the price of a bond will do what? (rise, increase)	Current bond yields are calculated by dividing the annual interest payment by the bond's current price (current yield = annual coupon ÷ bond price). So, when the bond price drops, its yield increases, making it competitive against newer bonds paying higher rates.
24	Which market structure is characterized by very few firms, high barriers to entry, similar product, and advertisement? (oligopoly)	
25	The act of increasing the economy's amount of physical capital is called what? (investment)	
26	What is the Fed's target inflation rate? (2%)	
27	How does a decrease in the cost of solar panels affect the price and quantity of solar energy systems? (decrease price, increase quantity)	Supply increases
28	How many stocks are listed in the Dow Jones Industrial Average? (30)	
29	When it takes more U.S. dollars to buy one unit of another currency what has happened to the value of the dollar? (depreciated or decreased)	The dollar is worth less compared to the other currency

30	Four years ago when campaigning for President, Donald Trump promised to dismantle Obamacare and in this past year's election Joe Biden promised to restore Obamacare. What is the real name of the Obamacare act? (Affordable Care Act)	
31	What is the process of simultaneously buying and selling an asset in two different markets where the prices differ, leading to a profit? (Arbitrage)	Arbitrage Definition Example of Currency VAVA : Viciously Accurate Volatility Arbitrageurs ❤️
32	Which macroeconomic model describes the aggregate relationship between price levels and real output? (Aggregate Supply/Demand or Aggregate Model)	AS/AD Model Graph
33	What does the acronym FOMC stand for? (Federal Open Market Committee)	Sets monetary policy, a part of the federal reserve system
34	Assuming the economy is in a state of ample reserves, if the FOMC decreases the interest on reserves, what will happen to the money supply? (Increase)	IOR down, quantity of reserves increase, money supply increase
35	If the marginal propensity to consume is 0.8 and there is a recessionary gap of 5 billion dollars, how could the gap be closed? (1 billion increase in spending OR 1.25 billion decrease in taxes OR 5 billion increase in both)	$MPC + MPS = 1$ $1/MPS = \text{Spending Multiplier}$ $MPC/MPS = \text{Tax Multiplier}$ $\text{Multi} * \text{Spending} = \Delta Y$ $\text{Multi} * \text{Tax} = \Delta Y$
36	If Oseland's GDP is growing at a rate of 4% each year, how many years will it take for the GDP to double? (17.5 < t < 18 but 17.67 is actual)	Rule of 72 or 70: $72 / \text{Growth Rate} = \text{Time}$
37	What are the 4 economic resources? (land, labor, capital, and entrepreneurship)	Economic flow
38	Which market structure is characterized by extremely low barriers to entry and many firms selling commodities all at the same price? (Perfect Competition)	Market structure chart and characteristics
39	If the price of Coke rises, then the demand for Pepsi will _____. (Increase)	Law of substitutes
40	What happens to the demand for canned vegetables, an inferior good, if income rises? (Decreases)	Inferior/Normal goods

PEOPLE TO ADD TO CHAT

Joshua Jacob

Ben Lu

Carl

ATTENDANCE

Joshua Jacob

Abigail Grose

Jaiesh Natamai

Ben C.

Kayleigh Shrom

Quincy Shi

Vincent Meyer

Sreya S.

Ben Lu

Allison Yu

Carl