



## RULES:

Each team of 3->4 students will start with 40 haribos.

A question will appear on the board. You have 2 minutes to allocate haribos on each answer.

After 2 minutes, you have to step away and touch the wall around the classroom.

Haribos left on incorrect answers will be taken away.

All Haribos will be lost for moving sweets after time is up

1. Calculated by adding the total amount of money spent on (final) goods and services in the country during the year (consumers, firms, government, and the foreign sector on domestically produced goods and services). Add the value of exports and subtract the value of imports.

Which method does this most closely reflect?

- A. Expenditure Method
- B. Output Method
- C. Income Method

2. 'Double Counting' is most likely to occur when calculating National Income using the:

A. Expenditure Method

B. Output Method

C. Income Method

3. Outline how a change in the Budget of...

***Capital spending on road and rail projects to increase by €4.5 billion.***

should affect the circular flow of income.

- A. Increase in AD, due to reduction of a leakage
- B. Increase in AD, due to increase in injections
- C. Decrease in AD as less money spent on final goods  
(market prices)

4. Outline how a change in the Budget of...

***A reduction in the amount of the universal social charge (USC) that workers must pay.***

should affect the circular flow of income.

- A. Increase in AD, due to reduction of a leakage
- B. Increase in AD, due to increase in injections
- C. Decrease in AD as less money spent on final goods  
(market prices)

***5. A foreign-owned company, operating in Ireland, sends back to their home country all the profits they have earned in Ireland.***

What effect would this have on Ireland's GDP figure for that year?

- A. Over-estimated GDP
- B. Under-estimated GDP
- C. No effect on GDP

Marginal propensity to consume (MPC)	0.8
Marginal propensity to import (MPM)	0.2
Current equilibrium level of national income	€500m
Level of national income that would give full employment	€620m

What is the value of the multiplier  $\frac{1}{MPS + MPM + MPT}$

A. Multiplier = 1.25

B. Multiplier = 5

C. Multiplier = .2

D. Multiplier = 2.5

7. How much will the government have to inject into this economy if it wants the economy to operate at its full employment level?

Multiplier	1.5
Current equilibrium level of national income	€500m
Level of national income that would give full employment	€620m

- A.  $620 / 1.5 = €413\text{m}$
- B.  $120 / 1.5 = €80\text{m}$
- C.  $120 * 1.5 = €180\text{m}$
- D.  $620 * 1.5 = €930\text{m}$

8. Limitations of National Income Statistics – spot the odd one out (the one that is either right or wrong only)

A. Comparisons should be done using a common currency (normally the Dollar \$)

B. A large amount of Black Economy activities would overestimate a country's GDP

C. Using current prices will adjust GDP so that inflation is accounted for

D. Using the full population, and not per capita, will give a more meaningful measure of standard of living for each citizen from National Income stats

9. Subsidised healthcare (The Government paying for a child to visit a GP) should:

A. Not be included in GDP @ Current Market Prices as it is a transfer payment

B. Be included in GDP @ Current Market Prices, as there is a payment where a factor of production is provided

C. Be included as a Benefit in Kind, and therefore added to GDP @ Current Market Prices

10. Which do you think is a more accurate statement for a country:

A. GDP is a better guide for measuring the economic activity in a country.

B. GDP is a better guide to the standard of living for any person (native) from that particular country.

11. It is the total value of expenditure within the country as a result of engaging in current economic activity in one year, valued at payments to factors of production, once depreciation has been taken into account.

- A. Net Domestic Product at Current Market Prices
- B. Gross National Product at Current Market Prices
- C. Gross Domestic Product at Factor Cost
- D. Net Domestic Product at Factor Cost

12. You would expect to see Ireland's Gross Domestic Product (GDP) affected by a foreign-owned company, operating in Ireland, sending back to their home country all the profits they have earned in Ireland, by:

- A. A decreased GDP from a larger negative NFIA
- B. A decreased GDP as more profits will leave the country earned by a foreign MNC
- C. An increased GDP as the profits will improve NFIA
- D. No change in GDP, as the value of the production was made in this country

13. Capital Widening is when...

A. The amount of capital increases resulting in more capital per worker in an economy

B. The amount of capital decreases resulting in less capital per worker in an economy

C. Capital stock increases leaving the capital:labour ratio unchanged

14. What would you expect to happen to the **market equilibrium position for iPhones**, if iPhone Apps got cheaper:

- A. Excess Demand, causing a higher price & lower output
- B. Excess Demand, causing a higher price & higher output
- C. Excess Supply, causing a higher price & higher output
- D. Excess Demand, causing a lower price & higher output

15. Which Cross Elasticity of Demand figure would you most expect for the relationship between Gin & Tonic in a pub?

A. +3

B. -4

C. - .2

D. + .1

16. Which comment is TRUE

- A. The profit maximising position of a firm is when they earn Normal Profits ( $AR=AC$ )
- B. A firm can be perfectly efficient, but not produce at the lower point of the AC curve
- C. A firm can make Super Normal Profits, even if they don't produce at the lowest point of the AC curve
- D. A firm must earn Normal Profits in the short run to stay in business

17. An example of Fiscal Policy would be...

A. The ECB printing more money to try to increase AD in the Eurozone

B. Using Quantitative Easing (QE) to influence the money supply in the EU

C. The Government building the M20 to influence Economic Growth

D. The Government changing the required deposit for houses to 20% from 10% to reduce demand for housing

18. Spot the odd one out (the only true or false statement)

A. The labour force includes part-time workers.

B. Quasi-rent is economic rent earned by a factor of production in the long run.

C. The market value of an existing bond rises if the rate of interest falls.

D. Corporation Tax is an example of a direct tax