

2023–24 Competitive Events Guidelines

Economics



Economics provides members with the opportunity to demonstrate knowledge about economic concepts and principles. This competitive event consists of an objective test. This event aims to inspire members to learn about economics.

Event Overview

Division: High School

Event Type: Individual

Event Category: Objective Test, 100-multiple choice questions (breakdown of question by competencies below)

Objective Test Time: 50 minutes

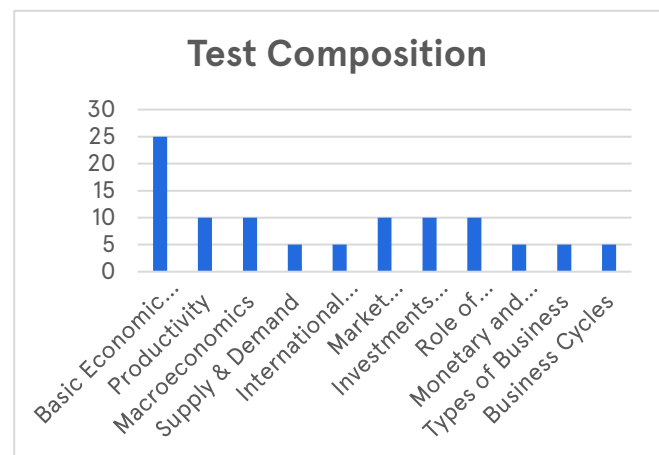
NACE Connections: Career & Self-Development

Equipment Competitor Must Provide: Pencil

Equipment FBLA Provides: One piece of scratch paper per competitor

Objective Test Competencies

- Basic Economic Concepts and Principles
- Productivity
- Macroeconomics
- Supply & Demand
- International Trade/Global Economics
- Market Structures and Competition
- Investments and Interest Rates
- Role of Government
- Monetary and Fiscal Policy
- Types of Business/Economic Institutions
- Business Cycles/Circular Low



District/Region/Section

Check with your District/Region/Section leadership for District/Region/Section-specific competition information.

State

Check with your State Leader for state-specific competition information.

National

Policy and Procedures Manual

- Competitors should be familiar with the Competitive Events Policy & Procedures Manual, found on the Competitive Events page on www.fbla.org.

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Eligibility

- FBLA membership dues are paid by 11:59 pm Eastern Time on March 1 of the current program year.
- Members may compete in an event at the National Leadership Conference (NLC) more than once if they have not previously placed in the top 10 of that event at the NLC. If a member places in the top 10 of an event at the NLC, they are no longer eligible to compete in that event.
- Members must be registered for the NLC and pay the national conference registration fee in order to participate in competitive events.
- Members must stay in an official FBLA hotel to be eligible to compete.
- Each state may submit four entries per event.
- Each member can only compete in one individual/team event and one chapter event (American Enterprise Project, Community Service Project, Local Chapter Annual Business Report, Partnership with Business Project).
- Picture identification (physical or digital driver's license, passport, state-issued identification, or school-issued identification) is required when checking in for competitive events.
- If competitors are late for an objective test, they will be allowed to compete until such time that results are finalized, or the accommodation would impact the fairness and integrity of the event. Competitive event schedules cannot be changed. Competitive events start in the morning before the Opening Session of the NLC.

Recognition

- The number of competitors will determine the number of winners. The maximum number of winners for each competitive event is 10.

Event Administration

- This event is an objective test administered online at the NLC.
- No reference or study materials may be brought to the testing site.
- No calculators may be brought into the testing site; online calculators will be provided through the testing software.

Tie Breaker

- Ties are broken by comparing the correct number of answers to 10 pre-determined questions on the test. If a tie remains, answers to 20 pre-determined questions on the test will be reviewed to determine the winner. If a tie remains, the competitor who completed the test in a shorter amount of time will place higher.

Americans with Disabilities Act (ADA)

- FBLA meets the criteria specified in the Americans with Disabilities Act for all competitors with accommodations submitted through the conference registration system by the registration deadline.

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Penalty Points

- Competitors may be disqualified if they violate the Competitive Event Guidelines or the Honor Code.
- Five points are deducted if competitors do not follow the Dress Code or are late to the testing site.

Electronic Devices

- All electronic devices such as cell phones and smart watches must be turned off before competition begins.

Study Guide: Competencies and Tasks

A. Basic Economic Concepts and Principles

1. Define money (characteristics, role, and forms) and trace how money and resources flow through the American economic system.
2. Utilize decision-making models to make economic choices and determine the opportunity cost of those choices.
3. Describe how trade-offs are made during the decision-making process.
4. Use basic economic concepts (such as supply and demand/ production, distribution, and consumption; labor, wages, and capital; inflation and deflation; market economy and command economy) to compare and contrast local, regional, and national economics across time and at the present time.
5. Define the basic elements of capitalism.
6. Explain how, in a free enterprise system, individuals attempt to maximize their profits based on their role in the economy.
7. Define characteristics of a market system (e.g., profit, competitive markets, and private ownership of property).
8. Compare and contrast economic systems (e.g., traditional, market, command, and mixed) based on criteria such as freedom, efficiency, equity, security, employment, stability, and growth.
9. Analyze how economic systems, resources and culture affect each other.
10. Analyze how a nation's wealth and trade potential are tied to its resources.
11. Suggest what a national or business should do if economic resources are underutilized.
12. Identify the location of concentrations of selected natural resources and describe how their acquisition and distribution generates trade and shapes economic patterns.
13. Analyze the concepts of trade-offs and opportunity cost.
14. Evaluate the trade-offs of alternatives for solving societal problems according to economic goals (e.g., economic growth, equity, efficiency, security, employment, stability, and freedom).
15. Explain how the United States' economy has changed from a rural to an industrial economy to a leader in the global economy.
16. Identify and explain various points of view concerning economic issues, such as taxation, unemployment, inflation, the national debt and distribution of income.
17. Describe how personal decisions can have a global impact on issues such as trade agreements, recycling, and conserving the environment.
18. Recommend what a nation or business could do to stimulate economic growth.
19. Define and explain economic scarcity as it applies to production, consumption, and exchange.
20. Ascertain why scarcity faces people at all times and interpret the relationship between trade-offs and opportunity costs.
21. Explain why scarcity requires individuals, governments, and societies to make choices.
22. Analyze how scarcity creates the need for economic policy and allocation.

B. Productivity

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1. Define factors of production (e.g., labor, capital, entrepreneurship, and natural resources).
 2. Explain the principle of diminishing returns and how it relates to productivity and consumption.
 3. Describe how investments in human and physical capital, including new technology, affect standard of living, quality of life, and increase productivity.
 4. Describe the impact of worker productivity (output per worker) on business, the worker, and the consumer.
 5. Explain how wages are affected by the market value and productivity of the individual working.
 6. Define specialization and identify how specializations may affect the economy.
 7. Give examples to explain how businesses and industry depend upon workers with specialized skills to make production more efficient.
 8. Discuss the effects of government expenditures, regulations, and tax policies on productivity.
 9. Analyze the impact of political actions, natural phenomena (e.g., wars, legislation, and natural disaster), and the investments in research and development on producers and production decisions.
 10. Analyze and discuss economic indicators that reflect productivity.
- C. Macroeconomics
1. Differentiate between microeconomists' and macroeconomists' approach to the economy and their solutions to economic problems.
 2. Analyze factors that are studied in determining the economic health of our economy.
 3. Discuss how changes in disposable income affect the economy.
 4. Explain the effects of leading economic indicators on a personal financial plan.
 5. Identify and analyze leading economic indicators and the methods of using the indicators to validate opinions about the state of the economy in the near future.
 6. Illustrate and measure the impact of inflation and recession.
 7. Evaluate the impact of employment/unemployment on production, consumption, and exchange.
 8. Define gross domestic product (GDP) and interpret fluctuations in the GDP.
 9. Discuss major factors that affect the level of a country's gross domestic product (GDP) (e.g., quantity and quality of natural resources, quantity and quality of human capital, and quantity and quality of capital stock).
 10. Locate the per capita GDP of various nations to compare the levels of economic well-being.
 11. Differentiate between GNP, NDP, NI, PI, and DI.
 12. Explain how the Consumer Price Index measures the rate of inflation and interprets its relationship to purchasing power.
 13. Interpret economic data depicted through illustrations (e.g., tables, curves, graphs, ratios, percentages, indexes, and values).
 14. Construct tables and graphs depicting economic information (e.g., financial statements, pie charts, line graphs, and bar graphs).
- D. Supply & Demand (Markets & Prices)

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1. Explain the law of supply, the law of demand, and equilibrium price.
 2. Demonstrate an understanding of the supply and demand curves that show increases and decreases in quantity supplied and quantity demanded.
 3. Appraise the effects of technological changes, changes in consumer preferences, price inputs, environment, and legislation on supply and demand and price of goods/services.
 4. Describe the concept of elasticity and inelasticity and analyze elasticity as it applies to supply and demand and consumer decisions.
 5. Explain how efficient production and allocation of goods and services in a market economy are based on pricing information.
 6. Describe how relative prices affect the buying and selling decisions of consumers and producers and illustrate how a change in price affects quantity demanded or quantity supplied.
 7. Describe how price ceilings and floors cause shortages or surpluses.
- E. International Trade/Global Economics
1. Analyze the impact of world trade and relate it to the U.S. free enterprise system.
 2. Explain the basic characteristics of international trade, including absolute and comparative advantage, barriers to trade, exchange rates, and balance of trade.
 3. Analyze why trade barriers and why exchange rates affect the flow of goods and services among nations.
 4. Explain how currency exchange rates affect international trade.
 5. Discuss the advantages and disadvantages and distributive effects of trade restrictions (e.g., tariffs, quotas, and embargoes).
 6. Analyze the impact of international issues and concerns on personal, national, and international economics.
 7. Explain how specialization promotes international trade and how international trade increases total world output and interdependence among nations.
- F. Market Structures (monopoly, oligopoly, etc.) and Competition
1. Differentiate the factors of competition in a free enterprise system and describe how those factors affect the everyday function of a business.
 2. Analyze the role that supply and demand, competition, prices, incentives, and profits play in determining what is produced and distributed in a competitive market system.
 3. Explain how changes in the level of competition in different markets affect individuals and the economy.
 4. Explain how competition among sellers of a good or service generally results in lower prices for buyers and lower profits for sellers.
 5. Describe how competition among buyers of a good or service generally results in higher prices for buyers and higher profits for sellers.
 6. Discuss the major barriers to new firms entering a market and how the barriers affect the level of competition in an industry.
 7. Explain how competition is maintained in the U.S. economy and how the level of competition varies in differing market structures (e.g., monopoly, oligopoly, monopolistic, and perfect competition).
 8. Compare and contrast the different types of market structure.

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9. Describe the characteristics of monopolistic and oligopolistic competition and identify examples in the current market.
 10. Determine the role of government in preventing private monopolies and regulating public monopolies.
- G. Investments and Interest Rates
1. Describe and explain the role of money, banking, and savings in everyday life.
 2. Interpret stock market purpose and function and analyze stock market performance.
 3. Explain how interest rates are determined by market forces that influence the amount of borrowing and saving done by investors, consumers, and government officials.
 4. Describe how interest rates balance savings and borrowing and affect consumer purchasing power.
 5. Identify the risk/return trade-offs for saving and investing.
 6. Evaluate the impact of employment/unemployment on investment and savings.
 7. Describe how saving and investing influence economic growth (capital formation).
 8. Explain the role of credit in a market economy.
 9. Compare the advantages and disadvantages of using various forms of credit and the determinates of credit history.
- H. Role of Government
1. Analyze the changing relationships among business, labor, and government and how each has affected production, distribution, and consumption.
 2. Distinguish between private goods and services (family car or a local restaurant) and public goods and services (interstate highway systems or U.S. Postal Service) and explain how and why public goods and services are provided.
 3. Explain how the government's redistribution of income through taxation, spending, and assistance/entitlement programs affects the well-being of people and businesses in an economy.
 4. Identify the types of taxes levied by differing levels of government (e.g., income tax, sales tax, and property tax).
 5. Analyze the relationship between the federal deficit and the national debt and how they are affected by the sources of national income and international trade.
 6. Identify the impact of the political structure on economic systems.
 7. Explain how laws and government policies (e.g., property rights, contract enforcement, and standard weights/measurements) establish rules that help a market economy function effectively.
 8. Explain how government intervention with market prices can cause shortages or surpluses of a good or service (e.g., minimum wage policies, rent freezes, and farm subsidies).
 9. Identify and evaluate how stabilizers (e.g., unemployment compensation, welfare benefits, Social Security, subsidies, and tax rates) affect economics in transition.
- I. Monetary and Fiscal Policy

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1. Differentiate between monetary and fiscal policies and identify when it may be appropriate to use a given policy.
 2. Identify the organization and functions of the Federal Reserve System and their influences on the economy.
 3. Explain how federal budgetary policy and the Federal Reserve System's monetary policies influence overall levels of employment, interest rates, production, and prices.
 4. Explain how the Federal Reserve System uses its control over the reserve ratio, open market operations, and the discount rate to control the money supply and the implementation of tight and easy money policy.
 5. Determine how inflation, unemployment, and gross domestic product statistics are used in policy decisions.
 6. Describe how fiscal, monetary, and regulatory policies affect overall levels of employment, output, and consumption.
- J. Types of Business/Economic Institutions
1. Compare and contrast different types of business ownership (e.g., corporation, partnership, and sole proprietorship).
 2. Define the role of profit-making and not-for-profit companies in the U.S. economy.
 3. Describe different kinds of economic institutions in the U.S. economy (e.g., households, businesses, financial institutions, government agencies, labor unions, and nonprofit organizations).
 4. Explain the role of banks in facilitating the exchange of financial resources (e.g., loans, creating money, checking accounts, and the Federal Reserve System).
 5. Explain how and why people who start new businesses take risks to provide goods and services, considering profits as an incentive.
 6. Explain the concept of organized labor and business.
- K. Business Cycles/Circular Flow
1. Define circular flow, interdependence, product market, and factors of production market.
 2. Describe the role of businesses and individuals in the circular flow.
 3. Explain how change in one component of the circular flow of economic activity affects other components.
 4. Describe the role of government in the circular flow *e.g., taxation, services, and national debt).
 5. Define business cycle, prosperity, recession, depression, and recovery.
 6. Compare and contrast the different stages of the business cycle (e.g., recover, expansion, trough, and peak).