

ECONOMICS OLYMPIAD 2026 – REGIONAL ROUND TEST

Name and surname _____ School/City _____

Total points _____

Test instruction:

Welcome to the Regional Round of Economics Olympiad!

Content: Please read the test instructions carefully: The test is divided into four parts:

- Part I: Multiple choice questions: in this part of the test, you must choose only one correct answer.
- Part II: Open Questions: Provide answers to the questions provided.
- Part III: Question with graph: In this part you must analyze the presented graph and answer the questions presented by interpreting the graph.
- Part IV: Essay: In this part you are given an essay, and you need to provide answers to the question in essay format. Please write clearly and be concise in content using your personal and original knowledge.

Duration: The test lasts 2 hours. During the test, the use of telephones and communication in any form with colleagues or access to technological devices (phone, tablet and computer) is prohibited.

Copying and plagiarism: In case of copying or plagiarism of any kind you will be forced to leave the test and be disqualified from the competition at the national and international level. The use of the toilet is not recommended during the test but is allowed in exceptional cases.

For any question or uncertainty during the test, please raise your hand and one of the test professors will help you.

Declaration of consent for the use of personal data (GDPR)

- I agree that my personal data (first name, last name) will be used only for identification purposes during testing by professors but not by third parties.
- I agree that the photos and videos from this competition will be used for the purposes of promotion of the competition and as marketing material for the official channels of EFI NM and LAI.

We wish you success!

PART 1 – MULTIPLE CHOICE QUESTIONS (10 x 2 points = 20 points)

- Which of the following is often referred to as the basic postulate of economics?
 - Individuals act only out of selfish motives.
 - Incentives matter; individuals respond in predictable ways to changes in personal costs and benefits.
 - The accuracy of the assumptions is the best test of an economic theory.
 - The value of a good is objective; it is equal to the cost of producing the good..
- If a country, business, or person has a comparative advantage in producing a good or service, this means that this country, business, or person:
 - can produce this good or service at a high opportunity cost.
 - should buy this good from others.
 - can produce this good or service at a low opportunity cost.
 - can produce this good at the same opportunity cost as others.
- Which of the following would most likely shift the supply curve to the left for laptop computers?
 - an increase in the price of laptop computers.
 - a decrease in the price of computer chips used to make laptop computers.
 - a decrease in the demand for laptop computers.
 - an increase in the price of electronic components used to produce laptop computers.
- When a government *prevents* a voluntary exchange between a consumer and producer?
 - the consumer is better off, but the producer is worse off.
 - both parties to the potential exchange are worse off than they would have been if the trade had been allowed.
 - goods move from people who value them less to people who value them more.
 - both consumers and producers are better off.
- The producer's decision to direct resources to the production of a good or service will be profitable when?
 - consumers are willing to pay a price greater than the per-unit cost of production.
 - the production is subsidized by government.
 - producers in other countries can produce the good or service at a lower cost.
 - interest rates are high and markets are soft.
- What makes money valuable:
 - It is backed by gold and silver.
 - It is backed by U.S. Treasury bonds.
 - It is issued by credit card companies such as American Express, MasterCard, and Visa.
 - It serves as a medium of exchange, unit of account, and store of value.
- Budget deficits are attractive to politicians because the deficits?
 - make it possible to provide benefits to voters without having to impose corresponding taxes.
 - are normally offset by prior budget surpluses.
 - make the costs of government more visible to voters than current taxation.
 - make it possible for the government to employ resources without incurring costs.
- When the actions of a person or group of persons spill over to harm or benefit another group without their consent, this is known as:
 - a monopoly.
 - an externality.
 - government failure.
 - the law of demand.

4. What does the law of supply says regarding the relationship between price and quantity?

5. What is the difference between inflation and hyperinflation?

6. What type of policies governments takes to protect a specific industry of the country?

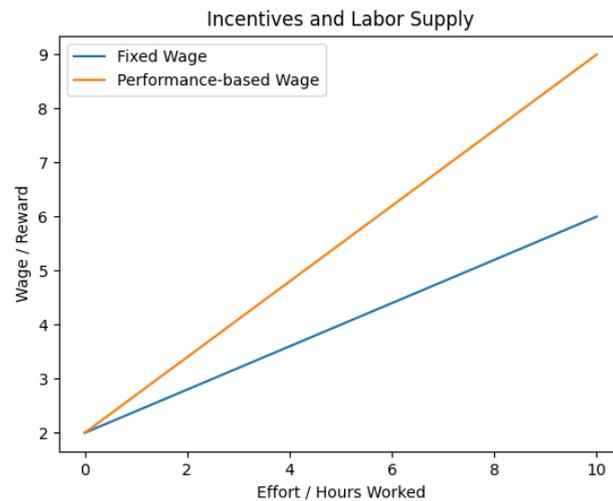
7. What does compound interest represent?

PART 3 – ANALYSIS OF GRAPH QUESTION (20 points)

The graph illustrates two labor supply curves. One represents a fixed wage system, and the other represents a performance-based wage system. The horizontal axis shows labor effort or hours worked, and the vertical axis shows wages or rewards.

Compare the two curves and explain how different incentive structures affect worker behavior.

1. Why is labor supply higher under the performance-based wage system? Explain your answer using the information shown in the graph.
2. Which economic principle from Common Sense Economics does this graph represent?
3. Give one real-life example where performance-based pay could increase productivity.



PART 4 - ESSAY (20 points)

In the city of New York, rent prices increased rapidly due to population growth and limited housing. To make housing more affordable, the local government introduced a law that fixed rent prices below the market level. The policy was welcomed by many tenants, especially young families and students. After one year, fewer apartments were available for rent. Some landlords stopped maintaining their buildings, while others converted rental apartments into offices or sold them. New construction of rental housing also slowed down because investors saw less profit in building apartments. As a result, finding an apartment became harder, waiting lists grew longer, and some tenants had to rely on personal connections rather than open listings to find housing.

- **Why did the rent control policy lead to fewer apartments being available?**
- **What unintended consequences of price controls appear in this case?**
- **How can local government combat this new phenomenon?**