

Economic Milestones: Firsts, Inventions, and Discoveries

Basic Economics · Answer Key · 18 Questions

1. Who is credited with publishing the first comprehensive theory of comparative advantage, a cornerstone of international trade theory?

- A) Adam Smith
- B) John Maynard Keynes
- C) David Ricardo**
- D) Karl Marx

2. What was the first commodity to be widely traded on organized exchanges, laying the groundwork for futures markets?

- A) Gold
- B) Silver
- C) Grain**
- D) Cotton

3. The invention of the printing press by Johannes Gutenberg is considered a significant event that facilitated the spread of economic ideas. What was its primary economic impact?

- A) Increased labor specialization
- B) Reduced transaction costs for information dissemination**
- C) Enabled mass production of luxury goods
- D) Led to the decline of mercantilism

4. Which economic thinker is credited with the first systematic explanation of the concept of 'rent' in the context of land and its economic implications?

- A) Thomas Malthus
- B) David Ricardo**
- C) Alfred Marshall
- D) Jean-Baptiste Say

5. The establishment of the first central bank, the Bank of Amsterdam in 1609, was a pioneering step in financial innovation. What was its most significant immediate function?

- A) Issuing fiat currency
- B) Setting interest rates
- C) Providing a stable unit of account and facilitating payments**
- D) Lending directly to the government

6. The concept of 'division of labor' was famously elaborated by Adam Smith. What was the earliest historically documented instance of its significant economic impact, as described by Smith?

- A) In a medieval blacksmith shop
- B) In an ancient Roman pottery workshop
- C) In a pin factory**
- D) In a 17th-century textile mill

7. Who is recognized as the first economist to formally introduce the concept of 'externalities' in economic analysis, referring to costs or benefits imposed on third parties?

- A) Arthur Pigou**
- B) Ronald Coase
- C) Francis Ysidro Edgeworth
- D) Vilfredo Pareto

8. What invention in the late 18th century revolutionized the textile industry and is considered a pivotal moment in the Industrial Revolution, significantly increasing productivity?

- A) The Cotton Gin
- B) The Spinning Jenny**
- C) The Power Loom
- D) The Steam Engine

9. The development of double-entry bookkeeping in the 15th century by Luca Pacioli was a significant accounting innovation. What was its primary contribution to economic management?

- A) Allowed for the creation of joint-stock companies
- B) Enabled precise tracking of profits and losses**
- C) Facilitated the development of modern taxation systems
- D) Standardized international trade practices

10. Which early economic theory, predating classical economics, emphasized the accumulation of gold and silver as a measure of national wealth and advocated for policies to promote exports and restrict imports?

- A) Physiocracy
- B) Mercantilism**
- C) Laissez-faire
- D) Classical Liberalism

11. The concept of 'marginal utility' was independently developed by several economists in the late 19th century. Who is most famously associated with its early and influential articulation in the context of the 'marginal revolution'?

A) William Stanley Jevons

- B) Carl Menger
- C) Léon Walras
- D) Alfred Marshall

12. The invention of the Bessemer process in the mid-19th century dramatically lowered the cost of producing steel. What was its most significant long-term economic impact?

A) Enabled the widespread use of paper money

B) Facilitated the construction of railways and skyscrapers

- C) Led to the decline of agrarian economies
- D) Promoted the development of early forms of insurance

13. What groundbreaking work, published in 1776, is widely considered the first modern treatise on economics and introduced fundamental concepts like the 'invisible hand'?

A) Das Kapital

B) The Wealth of Nations

- C) Principles of Political Economy and Taxation
- D) General Theory of Employment, Interest and Money

14. The development of the telegraph in the mid-19th century was a technological leap with profound economic consequences. What was its most direct impact on markets?

- A) Increased the demand for skilled labor
- B) Reduced the need for physical currency

C) Accelerated the flow of information and enabled faster trading

D) Led to the standardization of weights and measures

15. Who is credited with publishing the first significant economic analysis of the concept of 'scarcity' as a fundamental economic problem?

A) Friedrich Hayek

B) Lionel Robbins

- C) Milton Friedman
- D) John Stuart Mill

16. The introduction of the assembly line by Henry Ford is a famous example of an innovation that drastically altered production. What was its primary economic benefit?

- A) Increased worker autonomy
- B) Reduced the need for specialized machinery

C) Significantly lowered the cost of mass-produced goods

D) Promoted artisan craftsmanship

17. What early economic concept, formalized by Physiocrats, suggested that wealth originated solely from agricultural production and advocated for minimal government intervention in the economy?

- A) Industrial Revolution
- B) Laissez-faire**
- C) Circular Flow of Income
- D) Net National Product

18. The discovery of the principle of 'economies of scale' in manufacturing, where larger production runs lead to lower per-unit costs, became evident and was theorized primarily during which period of economic history?

- A) The Renaissance
- B) The Industrial Revolution**
- C) The Enlightenment
- D) The Neoclassical Era