ALASKA ECONOMICS · UNIT 2 · 25 QUESTIONS

Macroeconomics — Practice Test

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button so it can be fixed.

1

What does gross domestic product measure?

- A The value of all final goods and services produced in a country in a year
- B The total money held in banks
- C The total value of exports only
- D The total income of the government

Understand It with Pulse

Flag a mistake

2 **In the spending approach, gross domestic product adds consumer spending, investment, government spending, and**

- A Imports only
- B Net exports
- C Government debt
- D Bank deposits

Understand It with Pulse | Flag a mistake

3 **How does real gross domestic product differ from nominal gross domestic product?**

- A Real GDP counts only services
- B Real GDP counts only exports
- C Real GDP ignores government spending
- D Real GDP adjusts for price changes

Understand It with Pulse | Flag a mistake

4 **Nominal GDP is 1500 and the price index is 125 with a base year value of 100. What is real GDP?**

ANSWER _____

Understand It with Pulse | Flag a mistake

5 **A labor force of 250 people includes 20 unemployed people. What is the unemployment rate, in percent?**

ANSWER _____

Understand It with Pulse | Flag a mistake

6 **A fishing guide in Seward quits one job and searches for another job. This is an example of which type of unemployment?**



A Frictional

B Structural

C Cyclical

D Seasonal

Understand It with Pulse | Flag a mistake

7 **Workers lose jobs because their skills no longer match available jobs after a cannery automates. This is an example of**



A Frictional unemployment

B Cyclical unemployment

C Structural unemployment

D Seasonal unemployment

Understand It with Pulse | Flag a mistake

8 **Unemployment that rises during a recession is best described as**

A Frictional

B Structural

C Cyclical

D Voluntary

Understand It with Pulse | Flag a mistake

9 **The consumer price index rises from 240 to 264. What is the inflation rate, in percent?**

ANSWER _____

Understand It with Pulse | Flag a mistake

10 **In the business cycle, the period from a peak to a trough is called**

- A An expansion
- B A recovery
- C A boom
- D A contraction

Understand It with Pulse | Flag a mistake

11 **To fight a recession, an expansionary fiscal policy would**

- A Cut spending and raise taxes
- B Raise spending and raise taxes
- C Raise spending and cut taxes
- D Cut spending and cut taxes

Understand It with Pulse | Flag a mistake

12 **To fight high inflation, a contractionary fiscal policy would**

A Raise spending and cut taxes

B Cut spending and raise taxes

C Cut spending and cut taxes

D Raise spending and raise taxes

Understand It with Pulse | Flag a mistake

13 **Monetary policy refers to central bank decisions about**

A Tax rates

B Government spending

C The money supply and interest rates

D Trade quotas

Understand It with Pulse | Flag a mistake

14 **If a central bank raises interest rates, what is the most likely effect on inflation?**

A Inflation rises

B Inflation falls

C Inflation stays the same

D Inflation becomes zero

Understand It with Pulse | Flag a mistake

15 **If banks must hold 25 percent of deposits as reserves, what is the simple money multiplier?**

ANSWER _____

Understand It with Pulse | Flag a mistake

16 **A deposit of 2000 enters a banking system with a money multiplier of 4. What is the maximum total amount of money that can result?**

ANSWER _____

Understand It with Pulse | Flag a mistake

17 **Consumer confidence rises sharply. What happens to aggregate demand?**

A It shifts left

B It shifts right

C It stays the same

D It becomes vertical

Understand It with Pulse | Flag a mistake

18 **A sharp rise in oil prices shifts aggregate supply left. What combination is most likely?**



A Higher output and lower prices

B Lower output and lower prices

C Higher output and higher prices

D Lower output and higher prices

Understand It with Pulse | Flag a mistake

19 **In the short run, the Phillips curve shows a tradeoff between**

A Inflation and unemployment

B Taxes and spending

C Exports and imports

D Saving and investment

Understand It with Pulse | Flag a mistake

20 **What is the difference between a budget deficit and the national debt?**

A The deficit is the yearly shortfall and the debt is the total accumulated borrowing

B The deficit is the total and the debt is the yearly shortfall

C They are the same thing

D The deficit is held abroad and the debt is held at home

Understand It with Pulse | Flag a mistake

21 **Which of the following is an automatic stabilizer for a fishing town in the off season?**



A Unemployment insurance

B A new highway bill

C A tax rate change passed by Congress

D A change in the discount rate

Understand It with Pulse | Flag a mistake

22 **Money is used to buy goods and services. This is money serving as a**

A Store of value

B Unit of account

C Standard of deferred payment

D Medium of exchange

Understand It with Pulse | Flag a mistake

23 **A country imports more than it exports. It has a**



A Trade surplus

B Trade deficit

C Balanced budget

D Budget surplus

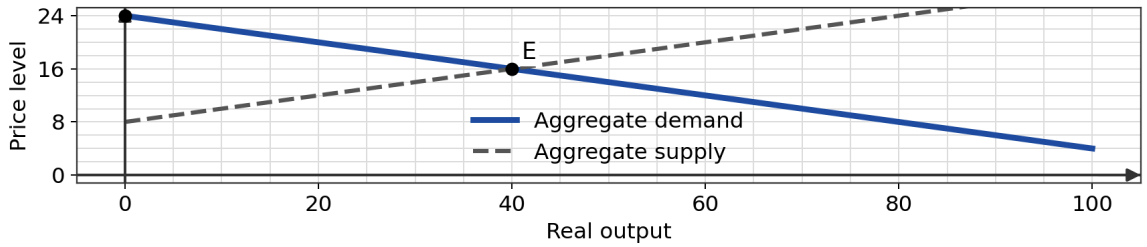
Understand It with Pulse | Flag a mistake

24 **If the dollar appreciates, what happens to the price of United States exports for foreign buyers?**

- **A** They become cheaper
- **B** They become more expensive
- **C** They stay the same
- **D** They become free

Understand It with Pulse | Flag a mistake

25 **The graph shows aggregate demand and short run aggregate supply for an economy. The equilibrium price level is**



- **A** 12
- **B** 14
- **C** 16
- **D** 18

Understand It with Pulse | Flag a mistake

ANSWER KEY

1. A
2. B
3. D
4. 1200
5. 8
6. A
7. C
8. C
9. 10
10. D
11. C
12. B
13. C
14. B
15. 4
16. 8000
17. B
18. D
19. A
20. A
21. A
22. D
23. B
24. B
25. C

© 2026 Brett Robbins. All Rights Reserved.