ARIZONA ECONOMICS · UNIT 2

Macroeconomics — Practice Test

Arizona Economics • 10 questions

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 to let Brett know so he can fix it.

1 **To fight inflation, a central bank would most likely**

- A Raise interest rates
- B Lower interest rates
- C Buy bonds
- D Cut reserve requirements

Understand It with Pulse | Flag a mistake

2 **When a country imports more than it exports, it has a trade**

A Surplus

B Deficit

C Balance

D Quota

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3 **A tariff is a tax on goods brought into a country. If the government puts a tariff on steel from abroad, the price most likely to rise is the price of**

A Exported steel

B Imported steel

C Domestic labor

D Domestic land

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4 **The yearly budget deficit adds to the total stock of**

- A Money
- B Exports
- C National debt
- D Reserves

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5 **In the long run, aggregate supply is usually drawn as**

- A Upward sloping
- B Downward sloping
- C Vertical
- D Horizontal

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6 **Currency in circulation plus checking deposits is closest to**

- A M1
- B GDP
- C CPI
- D Net exports

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7 **If the dollar strengthens against the peso, United States exports to Mexico become**

- A Cheaper for Mexican buyers
- B More expensive for Mexican buyers
- C Free
- D Unchanged

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8 **Actual output below potential output is called a**

A Recessionary gap

B Inflationary gap

C Trade gap

D Budget gap

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9 **A period of very rapid and out of control price increases is**

A Hyperinflation

B Deflation

C Disinflation

D Stability

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10 **The short run Phillips curve shows a tradeoff between inflation and**

A Interest rates

B Unemployment

C Trade

D Taxes

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ANSWER KEY

1. A
2. B
3. B
4. C
5. C
6. A
7. B
8. A
9. A
10. B

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