ARIZONA 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 to let Brett know so he can fix it.

1 **Gross domestic product measures the market value of**

- A All final goods and services produced in a country
- B All used goods sold in a year
- C Only goods exported abroad
- D Only government spending

Understand It with Pulse | Flag a mistake

2 **Real GDP differs from nominal GDP because real GDP is adjusted for**

- A Population
- B Price changes
- C Trade
- D Taxes

Understand It with Pulse | Flag a mistake

3 **A family buying groceries for its own use counts in GDP as**

A Investment

B Government spending

C Net exports

D Consumption

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4 **A firm building a new factory in Phoenix counts in GDP as**



A Consumption

B Investment

C Government spending

D Net exports

Understand It with Pulse | Flag a mistake

5 **Consumption is 600, investment is 200, government spending is 300 and net exports are -50. What is GDP?**

ANSWER _____

Understand It with Pulse | Flag a mistake

6 **Total output is 2000 and population is 100. What is output per person?**

ANSWER _____

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7 **A worker loses a job while searching for a better job is an example of**

A Frictional unemployment

B Structural unemployment

C Cyclical unemployment

D Seasonal unemployment

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8 **A worker whose skills no longer match available jobs faces**

A Frictional unemployment

B Structural unemployment

C Cyclical unemployment

D Seasonal unemployment

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9 **In a labor force of 200, there are 10 unemployed workers What is the unemployment rate, in percent?**

ANSWER _____

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10 **A basket of goods cost 100 in the base year and 120 this year What is the consumer price index this year?**



ANSWER

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11 **The nominal interest rate is 7 percent and inflation is 3 percent What is the real interest rate, in percent?**

ANSWER

Understand It with Pulse | Flag a mistake

12 **During a recession, real GDP and employment generally**

A Both fall

B Both rise

C Stay the same

D Move in opposite ways

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13 **An increase in consumer spending will shift aggregate demand**



A Left

B Right

C Down

D Not at all

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14 **A sharp rise in oil prices raises production costs. Short run aggregate supply shifts**

A Right

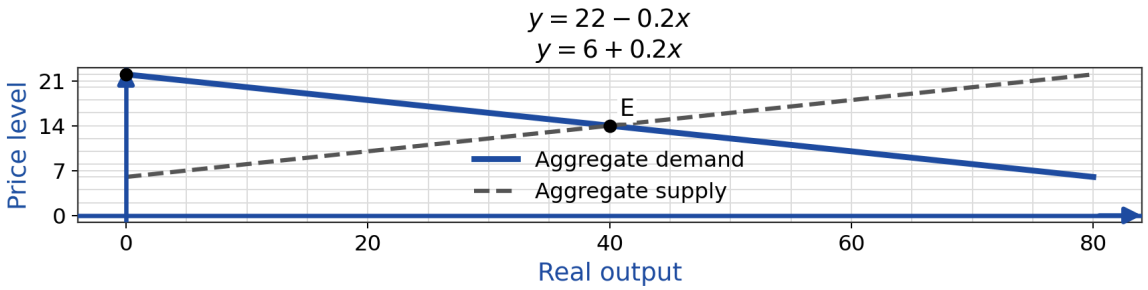
B Left

C Up

D Not at all

Understand It with Pulse | Flag a mistake

15 **The graph shows aggregate demand and short run aggregate supply**
The equilibrium price level is



A 10

B 12

C 14

D 16

Understand It with Pulse | Flag a mistake

16 **The government raises spending on roads to fight a recession This is an example of**

A Monetary policy

B Contractionary fiscal policy

C Expansionary fiscal policy

D Trade policy

Understand It with Pulse | Flag a mistake

17 **The marginal propensity to consume is 0.8 What is the spending multiplier?**

ANSWER _____

Understand It with Pulse | Flag a mistake

18 **Government borrowing that pushes up interest rates and reduces private investment is called**

A Crowding out

B Crowding in

C Stagflation

D Deflation

Understand It with Pulse | Flag a mistake

19 **When the central bank raises interest rates, borrowing and spending usually**



A Rise

B Fall

C Stay the same

D Become zero

Understand It with Pulse | Flag a mistake

20 **Selling government bonds on the open market will tend to**

A Lower the money supply

B Raise the money supply

C Leave the money supply unchanged

D End banking

Understand It with Pulse | Flag a mistake

21 **If the required reserve ratio is 0.2, the simple money multiplier is**

ANSWER _____

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



A Deficit

B Surplus

C Balance

D Embargo

Understand It with Pulse | Flag a mistake

23 **Unemployment insurance payments rise automatically in a recession They are an example of**

- A Discretionary spending
- B An automatic stabilizer
- C A price control
- D A tariff

Understand It with Pulse | Flag a mistake

24 **Rising prices together with falling output is called**

- A Stagflation
- B Deflation
- C Expansion
- D Appreciation

Understand It with Pulse | Flag a mistake

25 **Money serves as a medium of exchange when it is used to**



A Save for later

B Measure value

C Buy goods and services

D Pay interest

Understand It with Pulse | Flag a mistake

ANSWER KEY

1. A
2. B
3. D
4. B
5. 1050
6. 20
7. A
8. B
9. 5
10. 120
11. 4
12. A
13. B
14. B
15. C
16. C
17. 5
18. A
19. B
20. A
21. 5
22. B
23. B
24. A
25. C

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