ARKANSAS ECONOMICS · UNIT 2 · 10 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 **Expansionary fiscal policy during a recession aims to increase**

- A Total demand
- B Unemployment
- C Interest rates
- D Tax revenue

Understand It with Pulse | Flag a mistake

2 **Contractionary fiscal policy to fight inflation would most likely**

- A Raise spending and cut taxes
- B End all taxes
- C Double spending
- D Cut spending or raise taxes

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3 **The national debt is the total of past budget**

A Surpluses only

B Tax refunds

C Deficits - surpluses

D State debts

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4 **When the Federal Reserve lowers interest rates, borrowing and spending usually**

A Increase

B Decrease

C Stop

D Stay exactly flat

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5 **A stronger dollar makes United States exports**

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

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6 **Comparative advantage means a country should produce the good it can make at the lowest**

- A Money cost only
- B Tax rate
- C Population
- D Opportunity cost

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7 **A payday loan with very high fees is risky mainly because the borrower may**

- A Gain a higher credit score at once
- B Pay no fees
- C Fall into a cycle of debt
- D Build savings at once

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8 **A person compares the annual percentage rate when choosing a loan The annual percentage rate shows the**

- A Yearly cost of borrowing
- B Monthly income needed
- C Length of the loan only
- D Credit score needed

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9 **Paying taxes on investment gains only when the investment is sold is an advantage of**

A Checking accounts

B Tax deferred accounts

C Payday loans

D Credit cards

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10 **Inflation indexed savings help savers because their returns rise with**

A Unemployment

B Imports

C Tax rates

D Prices

Understand It with Pulse | Flag a mistake

ANSWER KEY

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

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