ARKANSAS 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 total market value of final goods and services produced in a country in a given**

- A Period
- B City
- C Firm
- D Household

Understand It with Pulse | Flag a mistake

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

- A Changes in population
- B Changes in prices
- C Changes in imports only
- D Changes in taxes

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3 **A worker who loses a job when a factory closes in a recession is an example of**



A Frictional unemployment

B Structural unemployment

C Cyclical unemployment

D Seasonal unemployment

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4 **A worker between jobs while searching for a new job is an example of**

- A Cyclical unemployment
- B Structural unemployment
- C Seasonal unemployment
- D Frictional unemployment

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5 **A worker whose skills no longer match available jobs after technology changes is an example of**

- A Frictional unemployment
- B Structural unemployment
- C Cyclical unemployment
- D Seasonal unemployment

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6 **Inflation is a general rise in**

A The price level

B Unemployment

C Exports

D Interest rates only

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7 **The Consumer Price Index tracks changes in the prices of a basket of goods and services bought by**



A Only farmers

B Only banks

C Only exporters

D Typical consumers

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8 **If prices rise 4 percent in a year, money saved in a drawer with no interest will buy**

A More than before

B The same amount

C Less than before

D Nothing

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9 **The business cycle includes expansion, peak, contraction, and**

A Trough

B Inflation

C Stagflation

D Surplus

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10 **During a recession, real GDP generally**



A Rises sharply

B Falls

C Stays exactly flat

D Disappears

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11 **Fiscal policy uses government spending and**

A Interest rates set by banks

B Exchange rates

C Stock prices

D Taxes

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12 **To fight a recession, a government would most likely**



A Cut spending and raise taxes

B End all spending

C Increase spending or cut taxes

D Ban all imports

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13 **A budget deficit occurs when government spending is**

A Less than tax revenue

B Greater than tax revenue

C Equal to tax revenue

D Zero

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14 **Monetary policy in the United States is mainly carried out by the**

A United States Senate

B Supreme Court

C Arkansas General Assembly

D Federal Reserve

Understand It with Pulse | Flag a mistake

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

A Raise interest rates

B Lower interest rates

C Print unlimited money

D End all lending

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16 **Higher interest rates generally make borrowing**

A Less expensive

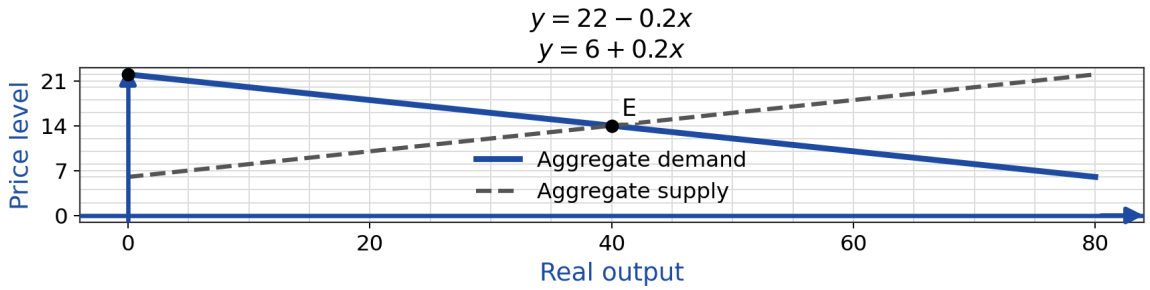
B Free

C More expensive

D Unchanged

Understand It with Pulse | Flag a mistake

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



A 10

B 12

C 16

D 14

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18 **If aggregate demand rises and aggregate supply stays the same, the price level will most likely**

A Rise

B Fall

C Stay the same

D Become zero

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

A Deficit

B Surplus

C Balance

D Embargo

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20 **Arkansas rice sold to buyers in other countries counts as an**



A Import

B Subsidy

C Export

D Tariff

Understand It with Pulse | Flag a mistake

21 **A tariff is a tax on**

A Exports only

B Savings

C Property

D Imports

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22 **A worker pays income tax through withholding from each paycheck At tax time, if too much was withheld, the worker receives a**

A Tax refund

B Tax penalty

C Tax loan

D Tax credit card

Understand It with Pulse | Flag a mistake

23 **Saving for retirement early helps mainly because of**



A Higher taxes

B Lower wages

C Compound growth over many years

D Shorter working lives

Understand It with Pulse | Flag a mistake

24 **A fixed rate mortgage keeps the interest rate the same for the life of the loan An adjustable rate mortgage may**

A Never change

B Change over time

C Charge no interest

D End after one year

Understand It with Pulse | Flag a mistake

25 **Diversifying investments across many assets mainly reduces**

A Return to zero

B Taxes to zero

C Inflation

D Risk

Understand It with Pulse | Flag a mistake

ANSWER KEY

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

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