WASHINGTON ECONOMICS · UNIT 2 · 5 QUESTIONS

Macroeconomics — Practice Test

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1 **Nominal GDP is 1500 and real GDP is 1000. What is the GDP deflator?**

ANSWER

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2 **A labor force of 150 people comes from a working age population of 200 people. What is the labor force participation rate, in percent?**



ANSWER

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3 **A person who has stopped looking for work because no jobs seem available is called a**

A Frictionally unemployed worker

B Structurally unemployed worker

C Discouraged worker

D Seasonally unemployed worker

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4 **Stagflation is best described as**

A High inflation and high unemployment together

B Low inflation and low unemployment together

C High growth and low inflation

D Low growth and low inflation

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5 **Crowding out occurs when government borrowing**

A Lowers interest rates and raises private investment

B Raises interest rates and reduces private investment

C Lowers taxes and raises saving

D Raises exports and lowers imports

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ANSWER KEY

1. 150
2. 75
3. C
4. A
5. B

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