Fundamentals of Macroeconomics

Macroeconomics · Practice Test · 15 Questions

1. What does the acronym GDP stand for in macroeconomics?

A) Gross Domestic Product
B) Global Debt Protocol
C) General Development Program
D) Gross Daily Profit

2. Which indicator measures the average change over time in the prices paid by urban consumers for a market basket of goods?

A) Interest Rate
B) Consumer Price Index
C) Unemployment Rate
D) Balance of Trade

3. What is the term for a sustained increase in the general price level of goods and services in an economy?

A) Deflation
B) Stagnation
C) Inflation
D) Recession

4. Which entity is typically responsible for managing a nation's money supply and interest rates?

A) The Ministry of Defence
B) The Central Bank
C) The Stock Exchange
D) The Chamber of Commerce

5. What does a fiscal policy primarily involve?

A) Government spending and taxation
B) International trade quotas
C) Stock market regulation
D) Corporate hiring practices

6. In macroeconomics, what is the term for the total value of all finished goods and services produced within a country's borders in a specific time period?

A) Gross National Product
B) National Net Worth
C) Gross Domestic Product
D) Disposable Income

7. What is considered the primary goal of monetary policy in most modern economies?

A) Increasing corporate taxes
B) Achieving full employment and price stability
C) Privatising public services
D) Decreasing international trade

8. What does the unemployment rate measure?

A) The percentage of the total labor force that is jobless and actively seeking employment
B) The total number of people who have retired
C) The number of people working in the government sector
D) The total population of a country

9. What occurs when a government's total expenditures exceed its total revenue in a given year?

A) Budget Surplus
B) Trade Equilibrium
C) Budget Deficit
D) Fiscal Neutrality

10. What is the term for a period of temporary economic decline during which trade and industrial activity are reduced?

A) Expansion
B) Recovery
C) Recession
D) Hyperinflation

11. Which factor of production refers to the physical tools, machinery, and buildings used in the production process?

A) Labor
B) Capital
C) Land
D) Entrepreneurship

12. What is the relationship between interest rates and the cost of borrowing money?

A) They are unrelated
B) Higher interest rates make borrowing more expensive
C) Lower interest rates make borrowing more expensive
D) Interest rates only affect savings accounts

13. What type of unemployment is caused by technological changes or a mismatch between worker skills and job requirements?

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

14. What is defined as the market value of all assets owned by individuals, minus their liabilities?

A) National Debt
B) Wealth
C) Gross Income
D) Personal Savings

15. Which economic concept explains why a country should focus on producing goods where it has the lowest opportunity cost?

A) Absolute Advantage
B) Comparative Advantage
C) Protectionism
D) Market Saturation