Macroeconomics Foundations

Macroeconomics · Practice Test · 10 Questions

1. Which economic indicator is calculated as the total market value of all final goods and services produced within a country's borders during a specific period?

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

2. In a floating exchange rate system, what is the primary factor that determines the value of a currency?

A) Government intervention
B) Gold reserves
C) Market supply and demand
D) International trade treaties

3. Which of the following is considered a primary tool used by central banks to influence the money supply and interest rates?

A) Open market operations
B) Income tax rates
C) Corporate subsidy programs
D) Direct price controls

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

A) Deflation
B) Stagflation
C) Hyper-appreciation
D) Inflation

5. Which type of unemployment occurs when there is a mismatch between the skills workers possess and the skills employers require?

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

6. What is the relationship described by the Phillips Curve in macroeconomics?

A) Interest rates and inflation
B) Inflation and unemployment
C) GDP growth and trade deficits
D) National debt and tax revenue

7. Which of the following would be categorized as a 'leakage' in the circular flow of income model?

A) Investment
B) Government spending
C) Exports
D) Imports

8. What is the primary objective of a contractionary monetary policy?

A) To stimulate economic growth
B) To reduce high levels of inflation
C) To increase consumer spending
D) To lower national unemployment

9. Which theory suggests that long-term economic growth is primarily driven by technological progress and capital accumulation rather than just labor?

A) Keynesian Multiplier Theory
B) Solow-Swan Growth Model
C) Ricardian Equivalence
D) Law of Diminishing Returns

10. What does the Gini coefficient measure in an economy?

A) Income inequality
B) Economic growth rates
C) Public debt levels
D) Balance of payments