Macroeconomic Fundamentals

Macroeconomics · Practice Test · 10 Questions

1. Which economic indicator is defined as the total market value of all final goods and services produced within a country in a given period?

A) Gross National Product
B) Gross Domestic Product
C) Net National Product
D) Consumer Price Index

2. The Phillips Curve describes the inverse relationship between which two macroeconomic variables?

A) Inflation and Unemployment
B) Interest Rates and GDP
C) Exports and Imports
D) Tax Rates and Government Spending

3. Which institution is primarily responsible for conducting monetary policy in the United States?

A) The Department of the Treasury
B) The Securities and Exchange Commission
C) The Federal Reserve
D) The World Bank

4. What term describes a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters?

A) Stagflation
B) Depression
C) Expansion
D) Recession

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

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

6. What is the primary tool used by the Bureau of Labor Statistics to measure the average change over time in the prices paid by urban consumers for a market basket of consumer goods?

A) Producer Price Index
B) GDP Deflator
C) Consumer Price Index
D) Wholesale Price Index

7. What does the 'liquidity trap' refer to in Keynesian economics?

A) A situation where monetary policy becomes ineffective because nominal interest rates are near zero
B) A rapid increase in the money supply
C) A condition of hyperinflation
D) The inability of the government to raise taxes

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

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

9. Which component of GDP represents the total spending by households on new goods and services?

A) Investment
B) Government Spending
C) Net Exports
D) Consumption

10. In the context of international trade, what is the 'Balance of Payments'?

A) The total value of a nation's gold reserves
B) A record of all economic transactions between residents of a country and the rest of the world
C) The difference between tax revenue and government spending
D) The total amount of foreign currency held by a central bank