Macroeconomic Basics for Teens

Macroeconomics · Answer Key · 18 Questions

1. What is the total value of all goods and services produced in a country over a year called?

A) Inflation Rate
B) Interest Rate
C) Gross Domestic Product (GDP)
D) Unemployment Rate

2. When prices for most goods and services go up over time, this is known as:

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

3. What is the name for the general decrease in prices and fall in the level of demand in the economy?

A) Inflation
B) Stagflation
C) Deflation
D) Boom

4. Which is a tool governments use to manage the economy by changing spending and taxation?

A) Monetary Policy
B) Fiscal Policy
C) Trade Policy
D) Environmental Policy

5. When the government spends more money than it collects in taxes, it creates a:

A) Budget Surplus
B) Balanced Budget
C) Trade Deficit
D) Budget Deficit

6. What is the term for the total amount of money owed by a government?

A) National Debt
B) GDP
C) Inflation
D) Unemployment

7. Which institution is typically responsible for controlling a country's money supply and interest rates?

A) Treasury Department
B) Central Bank
C) World Bank
D) International Monetary Fund (IMF)

8. What is the percentage of people in the workforce who are actively looking for a job but cannot find one?

A) Inflation Rate
B) GDP Growth
C) Unemployment Rate
D) Interest Rate

9. When a country's economy shrinks for two consecutive quarters, it is generally considered to be in a:

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

10. What is the cost of borrowing money or the return on lending money, usually expressed as a percentage?

A) Exchange Rate
B) Interest Rate
C) Inflation Rate
D) Tax Rate

11. The total amount of goods and services that businesses are willing and able to sell at a given price is called:

A) Aggregate Demand
B) Aggregate Supply
C) Consumer Spending
D) Government Spending

12. What does the term 'globalisation' refer to in economics?

A) Increased production of local goods
B) Reduced international trade
C) Increased interdependence of world economies
D) Focus on domestic industries only

13. What is the value of one country's currency compared to another country's currency?

A) Interest Rate
B) Inflation Rate
C) Exchange Rate
D) Tariff Rate

14. When the government makes policies to influence the total amount of money and credit in an economy, it is using:

A) Fiscal Policy
B) Monetary Policy
C) Trade Policy
D) Labour Policy

15. What is a tax on imported goods called?

A) Subsidy
B) Tariff
C) Quota
D) Export Duty

16. Which of the following is considered a major component of Gross Domestic Product (GDP)?

A) Government debt
B) Unemployment benefits paid
C) Consumer spending
D) Stock market index

17. When a country exports more goods and services than it imports, it has a:

A) Trade Deficit
B) Budget Deficit
C) Trade Surplus
D) National Debt

18. What is the study of the economy as a whole, including topics like inflation, unemployment, and GDP, called?

A) Microeconomics
B) Sociology
C) Macroeconomics
D) Psychology