Fundamentals of Macroeconomics

Macroeconomics · Practice Test · 15 Questions

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1. What does GDP stand for in macroeconomic terms?

A) General Domestic Product
B) Gross Domestic Product
C) Global Development Percentage
D) Gross Daily Profit

2. Which term describes a general increase in prices and a fall in the purchasing power of money?

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

3. Which institution is primarily responsible for conducting monetary policy in a country?

A) Central Bank
B) Stock Exchange
C) Department of Education
D) Ministry of Transport

4. The unemployment rate measures the percentage of people who are:

A) Retired
B) Under the age of 16
C) Actively seeking work but currently jobless
D) Working part-time

5. What is the primary indicator used to measure the average change over time in the prices paid by consumers for goods and services?

A) Consumer Price Index (CPI)
B) Gross National Product
C) Stock Market Index
D) Interest Rate

6. What is considered a primary tool of fiscal policy?

A) Setting the interest rate
B) Buying government bonds
C) Government spending and taxation
D) Controlling the money supply

7. Which term defines the total value of all goods and services produced within a country's borders during a specific period?

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

8. When an economy experiences two consecutive quarters of declining GDP, it is typically defined as a:

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

9. What does the 'L' in the macroeconomic term 'LRAS' stand for?

A) Long-run
B) Labor
C) Liquidity
D) Logical

10. Which type of unemployment occurs when workers are in the process of moving from one job to another?

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

11. Who is the father of modern macroeconomics, known for his work during the Great Depression?

A) Adam Smith
B) John Maynard Keynes
C) Milton Friedman
D) Karl Marx

12. A budget deficit occurs when:

A) Government spending exceeds tax revenue
B) Tax revenue exceeds government spending
C) Exports exceed imports
D) Imports exceed exports

13. What is the term for the total amount of goods and services that all households, businesses, and the government are willing to buy at a given price level?

A) Aggregate Supply
B) Aggregate Demand
C) Market Equilibrium
D) Monetary Base

14. Which of the following is considered a 'transfer payment' by the government?

A) Salary for government employees
B) Construction of a new bridge
C) Unemployment benefits
D) Purchase of military equipment

15. What happens to the purchasing power of money during a period of deflation?

A) It increases
B) It decreases
C) It remains the same
D) It becomes negative