

QUIZ ON MACROECONOMIC CONCEPTS

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Question 1

In 2014, inflation in the United States was approximately equal to:

- A) 0%
- B) -1.5%
- C) 1.5%
- D) 2.5%

Question 2

In 2014, GDP per capita in China was approximately equal to:

- A) \$3,000
- B) \$7,000
- C) \$13,000
- D) \$33,000

Question 3

In 2014, GDP per capita in the United States was approximately equal to:

- A) \$55,000
- B) \$25,000
- C) \$35,000
- D) \$105,000

Question 4

In a given year, suppose a company spends \$400 million on intermediate goods, \$200 million on wages, with \$300 million in profits. Also assume that its total sales are \$900 million. The value added by this company equals:

- A) \$500 million
- B) \$300 million
- C) \$700 million
- D) \$600 million

Question 5

A firm's value added equals:

- A) Its revenue minus its cost of intermediate goods
- B) Its revenue minus all of its costs
- C) Its revenue minus its wages
- D) Its revenue minus its wages and profit

Question 6

Given our definitions of GDP, what is not included in GDP?

- A) Household production
- B) Farm production
- C) The production of education
- D) The production of healthcare

Question 7

Bangladesh has a GNP that is 9.7% larger than its GDP. Why could that be?

- A) A lot of factors of production in Bangladesh are owned by foreigners.
- B) There is a high inflation rate in Bangladesh .
- C) A lot of citizens of Bangladesh are working abroad.
- D) Net factor payments to Bangladesh are very negative.

Question 8

Nominal GDP grows because of:

- A) Technological growth only
- B) Technological growth, population growth, and inflation
- C) Population growth and stock-market growth
- D) Stock-market growth and inflation

Question 9

Consider a country with population growth of -2%, technological growth of 0%, and inflation rate of 2%. Then:

- A) The growth rate of real GDP is 4%.
- B) The growth rate of nominal GDP is -2%.
- C) The growth rate of real GDP is -2%.
- D) The growth rate of nominal GDP is 2%.

Question 10

For the US economy, which of the following represents the largest component of GDP?

- A) Consumption of services
- B) Investment
- C) Government spending
- D) Net exports
- E) Consumption of goods

Question 11

Which of the following types of government spending is not included when calculating GDP?

- A) Spending at the federal level
- B) Spending at the state level
- C) Spending at the municipal level
- D) Spending on non-defense goods
- E) Spending on welfare benefits

Question 12

Which of the following statements about GDP is correct?

- A) GDP is the sum of all sales in the economy.
- B) GDP are final goods and services purchased by households, firms, and the government.
- C) GDP is the sum of all value added in the final-goods sector.

- D) GDP is the sum of all expenditures by households and firms.
- E) GDP are final goods and services purchased by households, firms, the government, and foreigners.

Question 13

Suppose nominal GDP decreased in a given year. Based on this information, we know with certainty that:

- A) Either real GDP has decreased or inflation (based on GDP deflator) is negative.
- B) Real GDP has decreased.
- C) Real GDP has decreased and inflation (based on GDP deflator) is negative.
- D) Either real GDP has decreased or inflation (based on CPI) is negative.

Question 14

If nominal GDP rises by 10 percent between 1991 and 1992, while the GDP deflator rises by 5 percent between 1991 and 1992, the percentage change in real GDP between 1991 and 1992 is approximately equal to:

- A) 5 percent
- B) 10 percent
- C) -5 percent
- D) 15 percent

Question 15

What is the largest expenditure category in the consumption basket used by the Bureau of Labor Statistics to compute the CPI price index?

- A) Housing
- B) Food and beverages
- C) Education
- D) Investment in stock market

Question 16

Suppose a country has 200 million people, of whom 50 million are retired, 30 million are above 16 and at university, 70 million are below 16, 10 million are in the armed forces, 30 million are working, and 10 million are not working but do not want a job. The labor-force participation rate is:

- A) 25%
- B) 50%
- C) 30%
- D) 65%

Question 17

Since the 1950s in the US, the labor force participation rate has been:

- A) Increasing until 2000 and decreasing since then
- B) Increasing for both men and women
- C) Decreasing for both men and women
- D) Increasing until today

Question 18

What was the highest unemployment rate in the US between 1990 and 2018?

- A) 10%
- B) 15%
- C) 7%
- D) 9%