

JA Economics®

Quiz: Post-Theme 3.4: National Economic Indicators

Circle the best answer for each question.

1. **You can use price indexes to calculate _____.**
 - a. the constant or real value of wages
 - b. salaries
 - c. the price of products
 - d. all of the above
2. **What is the best definition of GDP?**
 - a. money paid and earned for loanable funds
 - b. number of ready and able workers in the labor force actively seeking work but unable to find it
 - c. money value of final goods and services produced in the economy in a year
 - d. sustained increase in general prices across markets
3. **When economists and government officials see inflation, it generally indicates _____.**
 - a. money paid and earned for loanable funds
 - b. number of ready and able workers in the labor force actively seeking work but unable to find it
 - c. money value of imported goods and services over a year
 - d. sustained increase in general prices across markets
4. **Which statement is true about U.S. price indexes?**
 - a. The Consumer Price Index (CPI) basket includes goods that typical urban consumers purchase.
 - b. The Producer Price Index (PPI) measures price increases from the producers' perspective only.
 - c. The Gross Domestic Price Index (GDP) measures agricultural purchases.
 - d. The Embargo Price Index (EPI) measures the price of competitive imports.
5. **Which fiscal and monetary policies can the government use to address a recession?**
 - a. decrease taxes; decrease reserve requirements

- b. increase contractionary policies
- c. increase trade
- d. none of the above

6. Which fiscal and monetary policies can the government use to address inflation?

- a. increase spending
- b. increase trade
- c. increase loan availability
- d. increase reserve requirements

7. According to Economic Freedom of the World, which indicator is used to show countries with high economic freedom have more well-being?

- a. income of each country's leader
- b. innovation
- c. income share of the rich
- d. life expectancy

8. When a country is in a maximum state of economic freedom, in which of the economic areas do individuals and businesses have choice?

- a. jobs
- b. savings
- c. use of time
- d. all of the above

9. Which use of an inherited estate demonstrates the highest economic freedom?

- a. a requirement to pay inheritance tax on the inherited income
- b. a requirement to spend 50% of what you inherited within your state
- c. a requirement to distribute 10% of your inheritance to charity
- d. a requirement to pay off any student loans prior to spending your inheritance