

JA Program Economics®

Quiz: Post-Theme 3.2 The Role of the Federal Government

Circle the best answer for each question.

1. The government uses a step-by-step process to solve economic problems. Which sequence of steps does it follow?

- a. analyze the data, choose tools to fix the problem, gather data, identify the problem, look at a model of the ideal
- b. gather data, identify the problem, look at a model of the ideal, analyze the data, choose tools to fix the problem
- c. gather data, identify the problem, analyze the data, look at a model of the ideal, choose tools to fix the problem
- d. look at a model of the ideal, identify the problem, gather data, analyze the data, choose tools to fix the problem

2. Which statement is true about GDP?

- a. It stands for Gross Domestic Prices.
- b. It tracks prices for a basket of finished goods.
- c. It is used to measure the overall health of the economy.
- d. none of the above

3. As an adult, there may be times in your life that you find yourself unemployed. Therefore, you should _____.

- a. stay informed about the labor market and what jobs may be lost or needed
- b. request that your boss give you plenty of notice before a potential layoff so you have time to take action
- c. consider ways to continually devalue your job
- d. spend, spend, spend. You never know which paycheck may be your last, and you want to own everything you might need.

4. Select the correct sequence found on the growth trend of a business cycle.

- a. trough, recovery, peak, recession
- b. peak, recovery, trough, recession
- c. trough, recession, peak, recovery
- d. peak, trough, recession, recovery

- 5. Ty works as a bank teller. When several ATMs were placed in his neighborhood, he was laid off. There are several new openings for ATM maintenance, but he does not have those skills. Which type of unemployment is he facing?**
- a. frictional unemployment
 - b. seasonal unemployment
 - c. structural unemployment
 - d. cyclical unemployment
- 6. To raise money to fix the interstate, the government placed a 50-cent toll on drivers using the interstate through town. The government raised money to fix the interstate, but so many drivers began using alternate routes to avoid the toll that several other major roads now are in desperate need of repair. Which statement is true, given this scenario?**
- a. Toll road profits are often misdirected.
 - b. The government caused unintended consequences.
 - c. Using taxes, such as the 50-cent toll, is an example of fiscal policy.
 - d. The recovery caused by the toll caused economic growth.
- 7. Select the term that reflects a negative impact of fiscal policy tools.**
- a. national defense spending
 - b. salaries and equipment for the government to meet its duties
 - c. short-hand effect
 - d. special-interest effect
- 8. Select the statement that reflects arguments for government's debt and budget deficits.**
- a. To pay the interest only on the national debt takes a growing portion of the federal budget.
 - b. The amount owed per U.S. taxpayer has more than doubled over the past 10 years.
 - c. The national debt is large but not when considering how big the national income is.
 - d. Deficits may reduce private investment since the loans given to the government could have gone to a private opportunity.
- 9. Which items are examples of goods and services the government provides using tax money?**
- a. wages and salaries of banking personnel
 - b. cars for adults
 - c. highways and airports
 - d. smart phones