**Name:**  ***Click Here To Enter Student Full Name*** **Class Period:**

**Date (enter current date):*****1/1/2001***

**Chapter 2 Exam**

1. **** **A \_\_\_\_\_\_\_\_ occurs when a business or government spends less than it receives in income.**

*A) budget deficit*

*B) budget shortfall*

*C) budget over-run*

*D) budget surplus*

1. **Gross domestic product is the:**

A) *dollar value of all final goods and services produced in a country during one year.*

*B) dollar value of all goods and services produced in a country during one year.*

C) *price-adjusted value of all goods and services produced in a country during one year.*

D) *value of all of all final goods and services produced in, or imported to, a country during one year.*

1. **The most watched measure of inflation is called the \_\_\_\_\_\_\_\_.**

*A) Consumer Price Index (CPI)*

*B) Cost of Living Index (CLI)*

*C) Producer Cost Index (PCI)*

*D) Retail Price Index (RPI)*

1. **During the recession of 2000-2002, there was approximately a 5 percent rate of deflation in the United States.**

*True*

*False*

1. **A bond represents a loan made by one party to a business or the government.**

*True*

*False*

1. **Consumer debt includes each of the following except:**

*A) unspent consumer income.*

*B) home mortgages.*

*C) unpaid credit card balances.*

D) *home-improvement loans.*

1. **If there was a 3 percent rate of inflation in each of the past three years, products that cost $500 three years ago** **would now cost approximately:**

*A) $515*

*B) $530*

*C) $545*

*D) $560*

1. **There has never been a true depression in the United States.**

*True*

*False*

1. **\_\_\_\_\_\_\_\_ is the measure of output in relation to a unit of input.**

A) *Yield*

B) *Profit*

C) *Return*

D) *Productivity*

1. **The U.S. Department of Labor measures retail transactions when businesses sell goods or services to each other.**

*True*

*False*

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1. **A \_\_\_\_\_\_\_\_ is a period of time in which demand begins to decrease, businesses lower production, unemployment begins to rise and GDP growth slows for two or more quarters of the calendar year.**

*A) slump*

*B) downturn*

*C) recession*

*D) trough*

1. **The \_\_\_\_\_\_\_\_ is the rate of interest charged by banks to their best business customers.**

*A) discount rate*

*B) corporate rate*

*C) mortgage rate*

*D) prime rate*

1. **A \_\_\_\_\_\_\_\_ represents a unit of ownership in a corporation.**

*A) corporate bond*

*B) corporate income statement*

*C) share of corporate stock*

*D) corporate balance sheet*

1. **The movement of the economy between good and bad times over many years is often referred to as:**

A) *the ups and downs.*

*B) fate.*

*C) income fluctuations.*

*D) the business cycle.*

1. **Economic growth is important because it provides jobs and allows people an opportunity to better meet their needs and wants.**

*True*

*False*

1. **People who own part of a corporation are said to have:**

*A) equity in that business.*

*B) interest in that business.*

*C) possession of that business.*

*D) control over that business.*

1. **People who save are most likely to be interested in the rate of interest paid on:**

*A) short-term U.S. government debt obligations.*

*B) loans made by the Federal Reserve to private banks.*

*C) certificates of deposit.*

*D) long-term U.S. government debt obligations.*

1. **If intermediate goods were counted as a part of GDP, the value of these goods would be counted twice.**

*True*

*False*

1. **All people above 16 who are actively working or seeking work make up the:**

*A) unemployment rate.*

*B) employment pool.*

*C) labor force.*

*D) labor organization.*

1. **Without personal saving there could be no capital spending projects carried out by businesses.**

*True*

*False*