

# AP Macro Practice Test Questions and Answers

## 1. What does GDP measure in macroeconomics?

- A) Government debt only
- B) The total value of all final goods and services produced in an economy
- C) Population growth rate
- D) Import levels only

## 2. Which of the following is an example of expansionary fiscal policy?

- A) Increasing taxes and reducing government spending
- B) Decreasing taxes and increasing government spending
- C) Maintaining current tax rates
- D) Eliminating all government programs

## 3. What is the primary tool of monetary policy used by central banks?

- A) Government spending
- B) Interest rates and money supply
- C) Tax policy
- D) Trade regulations

## 4. According to the Phillips Curve, what is the trade-off between inflation and unemployment?

- A) Both always increase together
- B) Short-run inverse relationship between inflation and unemployment
- C) No relationship exists
- D) They are always equal

Answers: 1-B 2-B 3-B 4-B

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