

- ✓ 1. Inflation means that the prices for goods/services in an economy decrease
- A True
- B False
- ✓ 2. Countries like China and other export-oriented economies devalue their currency, because...
- A this leads to cheap production costs which means cheap export prices and thus high sales.
- B this increases the numbers of imports which boost the domestic market.
- ✓ 3. The level of unemployment influences GDP in the following ways:
- A A higher unemployment rate leads to a lower GDP (less buyers).
- B A lower unemployment rate leads to a higher GDP (more buyers).
- C There is no influence as the state provides enough benefits to unemployed people, so that there is no decrease in demand.
- ✓ 4. GDP is defined as...
- A the value of products bought by the inhabitants of a country.
- B the value of all the finished goods and services produced within a country's borders in a specific time period.
- ✓ 5. The distribution of wealth does not matter with regard to economic success as it does not influence GDP negatively.
- A True
- B False
- ✓ 6. A mixed economy features characteristics of both capitalism and socialism.
- A True
- B False
- ✓ 7. A planned economy
- A features innovation.
- B is characterised by state-ownership with regard to companies.
- C has frequently been proved to be inefficient in history.
- D offers unlimited job opportunities to employees.

- ✓ 8. A trade deficit occurs if a country's exports are higher than imports.
- A True
- B False
- ✓ 9. Price stability is a key factor for maintaining household purchasing power.
- A True
- B False
- ✓ 10. With regard to free market economy we can say that...
- A Germany is the perfect example.
- B it's an economic system which is based on supply and demand with nearly no governmental control.
- C the economic system of the USA is that of a free market economy.
- D it's a system in which the prices for goods and services are equally determined by the government and by consumers.
- ✓ 11. The exchange rate is a "price" that indicates the value of one currency over another.
- A True
- B False