
Practice Test of Goal 9 – Influences on the US Economy

Note to teachers: These unofficial sample questions were created to help students review Goal 9 content, as well as practice for the Civics and Economics EOC. The questions are based on the various lesson plans in the Civic Education Consortium's Database of Civic Resources, as well as the NC Standard Course of Study. However, these practice questions are not meant to influence teachers in the content they choose to focus on in class, nor do they reflect any knowledge of questions that will actually appear on the state's EOC.

1. Which of the following is an example of a progressive tax?

- A. Tariff
- B. Excise Tax
- C. Income Tax
- D. Sales Tax

2. Which of the following *best* describes monetary policy?

- A. The Federal Reserve regulates how much money is in circulation
- B. The government gives aid to families below the poverty line
- C. The Treasury Department's use of cash to influence the decisions of Congress and the President
- D. The United States is economically dependent on other countries

3. What kind of tax is placed on gasoline and tobacco?

- A. Excise Tax
- B. Income Tax
- C. Property Tax
- D. Sales Tax

4. When the government spends money, what is the short term affect of its purchase?

- A. To decrease the trade deficit
- B. To slow the economy
- C. To operate government cooperation
- D. To stimulate the economy

5. Which of the following is a characteristic of economic expansion?

- A. Decrease in building permits
- B. Increased employment
- C. Increased unemployment
- D. Decreased stock market averages

6. Which of the following best describes terrorism?

- A. A declaration of war by one country on another
- B. A criminal act that is prosecuted by the United Nations
- C. A criminal act on innocent people to make a point
- D. An attack by another country on our military

7. What is a migrant worker?

- A. An individual who moves throughout the country to pick fruits and vegetables as various crops come into season
- B. An individual who moves throughout the country to invest in various stock portfolios of seasonal companies
- C. An individual who migrated from the southern United States as part of the Great Migration
- D. An individual whose work has been outsourced to another country, so they have migrated industries to earn a living

8. Which department was added to the federal government most recently?

- A. Department of Homeland Security
- B. Department of Education
- C. Department of Environmental Protection
- D. Department of Agriculture

9. Which is the *best* definition of outsourcing?

- A. The selling of some factories in order to reduce the size of your company
- B. Goods and services being supplied by someone outside the company/country
- C. Using technology that is supplied by another person
- D. The buying of bonds from a foreign country

10. Which one of the following acts/laws gave the federal government the “appropriate tools required to intercept and obstruct terrorism?”

- A. Antri-Trust Laws
- B. September 11th Act
- C. Patriot Act
- D. American Recovery and Reinvestment Act

11. Imagine America decided to add a fifteen percent import duty on all goods from China. Why would the government *likely* have imposed such a protective tariff?

- A. To balance the trade deficit
- B. To raise money for transportation
- C. To raise money for education
- D. To increase the quality of goods provided to consumers in America

12. What is the purpose of a free-trade zone like the one established by NAFTA?

- A. To increase government revenue from tariffs
- B. To reduce trade barriers between nations
- C. To protect jobs for workers
- D. To reduce foreign competition

13. What occurs when a nation exports more goods than it imports?

- A. Exchange Rate
- B. Comparative Advantage
- C. Trade Deficit
- D. Trade Surplus

14. Choose the *best* definition of Comparative Advantage

- A. The advantage between one country and another in living conditions
- B. A comparison between different advantages in countries
- C. When one firm can produce a product better (or cheaper) than another firm
- D. Shipping routes that are more easily navigable

15. What occurs when a country imports more goods than it exports?

- A. Exchange Rate
- B. Comparative Advantage
- C. Trade Deficit
- D. Trade Surplus

16. Reduction of trade barriers is known as _____.

- A. Free Trade
- B. Embargo
- C. Tariff
- D. Balance of Trade

17. The agreement to eliminate all trade restrictions between Mexico, Canada, and the United States is commonly known as:

- A. DECA
- B. NATO
- C. NAFTA
- D. CAFTA

18. What is a contraction in the *business cycle*?

- A. When the economy begins to improve after hitting its lowest point
- B. When economic activity is strong with businesses working and selling at full capacity
- C. When the economy is starting to slow down and people are buying fewer goods and services
- D. When production is at its lower point and unemployment is very high

19. What is a peak in the *business cycle*?

- A. When the economy begins to improve after hitting its lowest point
- B. When economic activity is strong with businesses working and selling at full capacity
- C. When the economy is starting to slow down and people are buying fewer goods and services
- D. When production is at its lower point and unemployment is very high

20. What is the best definition of an expansion in the *business cycle*?

- A. When the economy begins to improve after hitting its lowest point
- B. When economic activity is strong with businesses working and selling at full capacity
- C. When the economy is starting to slow down and people are buying fewer goods and services
- D. When production is at its lower point and unemployment is very high

21. A trough in the *business cycle* is usually defined as:

- A. When the economy begins to improve after hitting its lowest point
- B. When economic activity is strong with businesses working and selling at full capacity
- C. When the economy is starting to slow down and people are buying fewer goods and services
- D. When production is at its lower point and unemployment is very high

Answer Key

1. C
2. A
3. A
4. D
5. B
6. C
7. A
8. A
9. B
10. C
11. A
12. B
13. D
14. C
15. C
16. A
17. C
18. C
19. B
20. A
21. D

**For additional sample EOC questions for each Civics and Economics objective, go to the Consortium's Database of Civic Resources, located at:
<http://www.sog.unc.edu/programs/civiced/resources/intro.php>

All sample questions provided are unofficial and do not represent any knowledge of content to appear on the state's actual End of Course tests. Special thanks to Sarah Hatter.