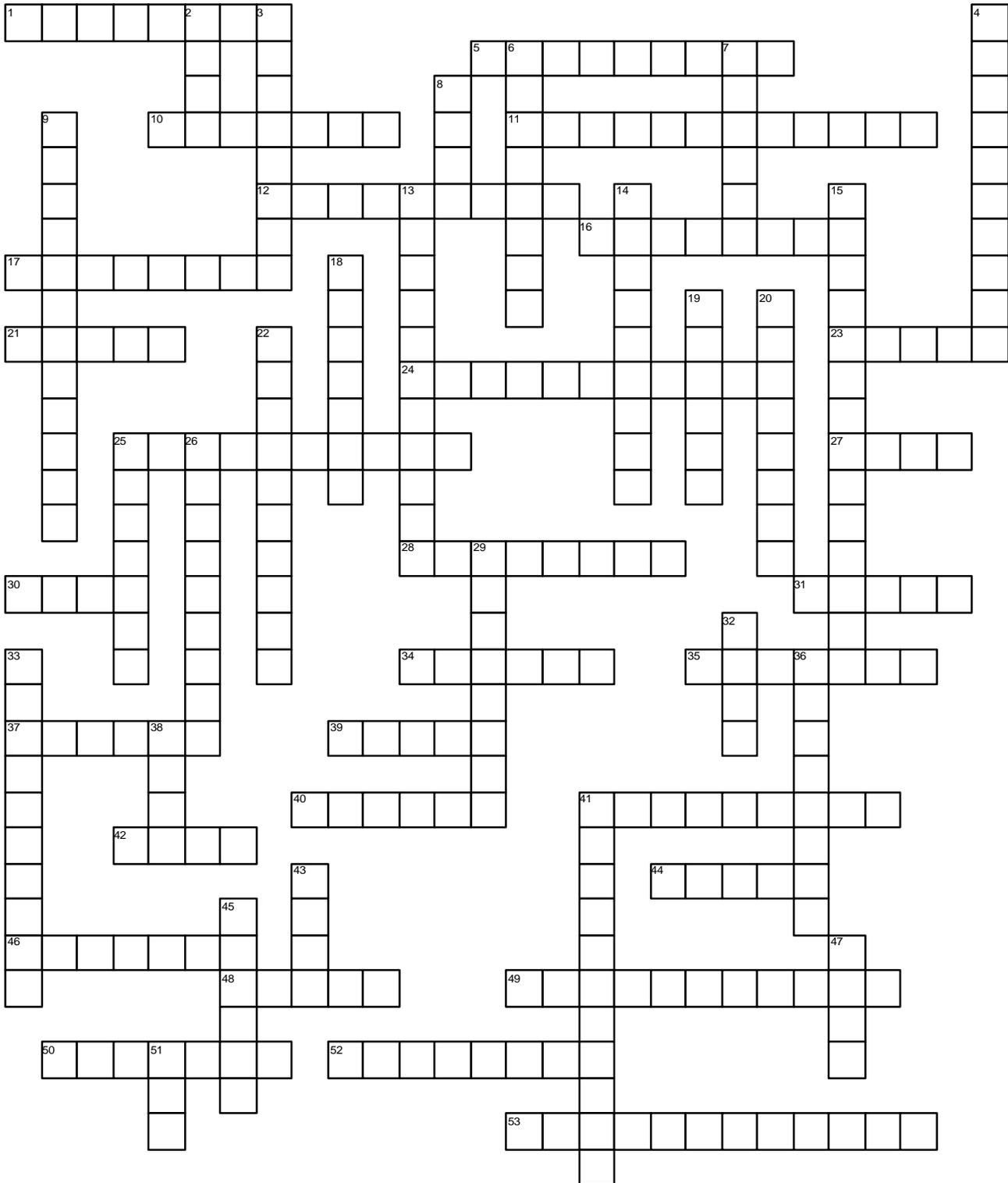


Name: _____

Introduction to Economic Growth and Instability

[McConnell & Brue chapter 8]



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ACROSS

1 _____ unemployment occurs due to low aggregate demand during a recession.

5 A period of decline in total output, income, employment and trade. [AKA contraction]

- 10 Housing, commercial buildings, heavy equipment, and farm equipment are examples of ____ goods.
- 11 One way society can increase its real output and income is by increasing the ____ of inputs.
- 12 A rise in the general level of prices.
- 16 Some economists believe that business cycles are caused by ____ phenomenon. The government fluctuates between too much and too little money supply.
- 17 Most economists believe that business cycles are triggered by changes in the level of total ____.
- 21 People who are able and willing to work (about 50% of the population) constitute the labor ____.
- 23 Increases in AD in ____ 3 (p. 148) raise the price level because the economy cannot expand more in the short term.
- 24 Momentous ____ may cause some business cycles.
- 25 ____ unemployment is caused by a mismatch of skills vs. needs or geography.
- 27 The unemployment rate at which the economy is at its capacity is called the ____ employment rate of unemployment. [Somewhere around 4%]
- 28 Automobiles, personal computers, and refrigerators are examples of consumer ____.
- 30 ____ black teenagers, in particular, have very high unemployment rates.
- 31 Unanticipated inflation hurts ____-income recipients, among others.
- 34 An increase in real GDP over time
- 35 ____ income is the number of dollars received as wages, rent, interest, or profits.
- 37 Unanticipated inflation hurts ____, among others.
- 39 The unemployment rate for blacks is ____ that of whites.
- 40 The major source of cost-push inflation has been ____ shocks.
- 41 Unanticipated inflation hurts ____, among others.
- 42 In a ____ business activity has reached a temporary maximum. The economy is at FE and output is at or near capacity.
- 44 Even low levels of inflation have costs as efforts are made to ____ against inflation.
- 46 Increases in real GDP per capita fail to take into account added ____ as the work week has shrunk.
- 48 Hyperinflation are almost invariably the consequence of highly imprudent expansions of the ____ supply by government.
- 49 People who have given up on looking for a job are called ____ workers and are not included in the unemployment rate.
- 50 The basic economic cost of unemployment is ____ output.
- 52 The real ____ rate is the percentage increase in purchasing power that the borrower pays the lender.
- 53 Major changes in ____ may cause some business cycles.
- DOWN**
- 2 Cost of living adjustment
- 3 Cost-push inflation is automatically self-____.
- 4 Manufacturers of consumer ____ goods are least effected by contractions in the business cycle.
- 6 The economy is fully ____ when only frictional and structural unemployment exists.
- 7 Cost-push inflation reduces real ____.
- 8 ____-time workers are counted as employed.
- 9 The ____ rate is the percentage of the labor force that is unemployed.
- 13 An income earner may be able to avoid or lessen the adverse effects of inflation if the inflation is ____.
- 14 ____ output is produced at full employment.
- 15 Extremely rapid inflation
- 18 Lenders charge an inflation ____ if the inflation is anticipated.
- 19 The bottoming out phase of the business cycle.
- 20 The term ____ cycle refers to alternating rises and declines in the level of economic activity.
- 22 ____ unemployment consists of those people who are "between jobs."
- 25 Full employment (aka the natural rate of unemployment) occurs when the number of job ____ equals the number of job vacancies.
- 26 One way society can increase its real output and income is by increasing its inputs of ____.
- 29 A period in which output and employment rise toward full employment. [AKA expansion]
- 32 Inflation that occurs due to increases in per-unit production costs is called ____-push inflation.
- 33 Frictional unemployment is ____ because it allows for economic growth and adjustment to take place.
- 36 Increases in real GDP per capita fail to take into account ____ products and services.
- 38 The ____ of 70 tells us how many years it takes some measure to double.
- 41 Structural unemployment results because the ____ of the labor force does not respond immediately or completely to the new structure of job opportunities.
- 43 ____'s law indicates that for every 1 percent by which actual unemployment falls short of full employment (or natural unemployment) a GDP gap of about 2 percent occurs.
- 45 "Too much spending chasing too few goods" causes ____-pull inflation.
- 47 ____ income is nominal income adjusted for inflation.
- 51 The GDP ____ is the amount by which actual GDP falls short of potential GDP.