



# **SUCCESS CENTER PRACTICE SHEET**

## **MATCHING TERMS - ECONOMICS 201**

### **CHAPTERS 5-8**

- |  |  |
|--|--|
| a. gross domestic product                | n. natural unemployment rate             |
| b. investment                            | o. full employment                       |
| c. net exports of goods & services       | p. inflation rate                        |
| d. expenditure approach to calculate GDP | q. nominal wage rate                     |
| e. consumption expenditure               | r. Consumer Price Index (CPI)            |
| f. income approach to calculate GDP      | s. Circular Flow of Income & Expenditure |
| g. nominal interest rate                 | t. real wage rate                        |
| h. real GDP                              | u. gross national product (GNP)          |
| i. frictional unemployment               | v. real interest rate                    |
| j. efficiency wage                       | w. nominal GDP                           |
| k. potential GDP                         | x. recession                             |
| l. diminishing returns                   | y. cyclical unemployment                 |
| m. quantity of labor demanded            | z. structural unemployment               |
|  | aa. reference base period                |

## Answers:

1. r
2. n
3. a
4. e
5. o
6. b
7. y
8. s
9. h
10. f
11. c
12. u
13. d
14. k
15. x
16. aa
17. *j*
18. z
19. w
20. p
21. *i*
22. q
23. /
24. t
25. m
26. g
27. v

- \_\_\_\_\_ 1. measure of the average of prices paid by urban consumers for a fixed market basket of consumption goods & services.
- \_\_\_\_\_ 2. unemployment rate when the economy is at full employment
- \_\_\_\_\_ 3. market value of all final goods & services produced within a country in a given time period
- \_\_\_\_\_ 4. expenditure by households of consumption goods & services
- \_\_\_\_\_ 5. no cyclical unemployment exists
- \_\_\_\_\_ 6. the purchase of new capital goods such as tools, instruments, machines, buildings, and additions to inventories
- \_\_\_\_\_ 7. fluctuating unemployment over the business cycle that increases during a recession and decreases during an expansion
- \_\_\_\_\_ 8. reflects flow of income and expenditures on goods & services, and money; shows expenditure equals income equals value of production
- \_\_\_\_\_ 9. value of final goods & services produced in a given year expressed in terms of the prices in a base year
- \_\_\_\_\_ 10. GDP equals wages + interest + rent + profit + indirect taxes less subsidies + depreciation
- \_\_\_\_\_ 11. value of exports of goods & services minus the value of imports of goods & services
- \_\_\_\_\_ 12. market value of all final goods & services produced anywhere in the world in a given time period by the factors of production supplied by the residents of the country
- \_\_\_\_\_ 13. GDP equals consumption expenditure + investment + government expenditure + net exports
- \_\_\_\_\_ 14. value of real GDP when all the economy's factors of production are fully employed
- \_\_\_\_\_ 15. a period during which real GDP decreases for at least two consecutive quarters
- \_\_\_\_\_ 16. a period for which the CPI is defined to equal 100
- \_\_\_\_\_ 17. a real wage rate that is set above the full employment equilibrium wage rate to induce greater work effort
- \_\_\_\_\_ 18. unemployment that arises when changes in technology or international competition change the skills needed to perform jobs or change job locations
- \_\_\_\_\_ 19. value of final goods & services produced in a given year expressed in terms of prices of that same year
- \_\_\_\_\_ 20. the percentage change in the price level from one year to the next
- \_\_\_\_\_ 21. unemployment that arises from normal labor turnover – from people entering and leaving the labor force, quitting a job to look for a better job, ongoing destruction and creation of jobs
- \_\_\_\_\_ 22. average hourly wage rate measured in current dollars
- \_\_\_\_\_ 23. the tendency for each additional hour of labor employed to produce a gradually smaller additional amount of real GDP
- \_\_\_\_\_ 24. average hourly wage rate measured in dollars of a given reference base year
- \_\_\_\_\_ 25. total labor hours that all firms in an economy plan to hire during a given time period at a given real wage rate
- \_\_\_\_\_ 26. dollar amount of interest expressed as a percentage of an amount loaned
- \_\_\_\_\_ 27. the goods & services forgone in interest expressed as a percentage of the amount loaned; calculated as the nominal interest rate minus the inflation rate