



SUCCESS CENTER PRACTICE SHEET

MATCHING TERMS - ECONOMICS 201

CHAPTERS 5-8

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