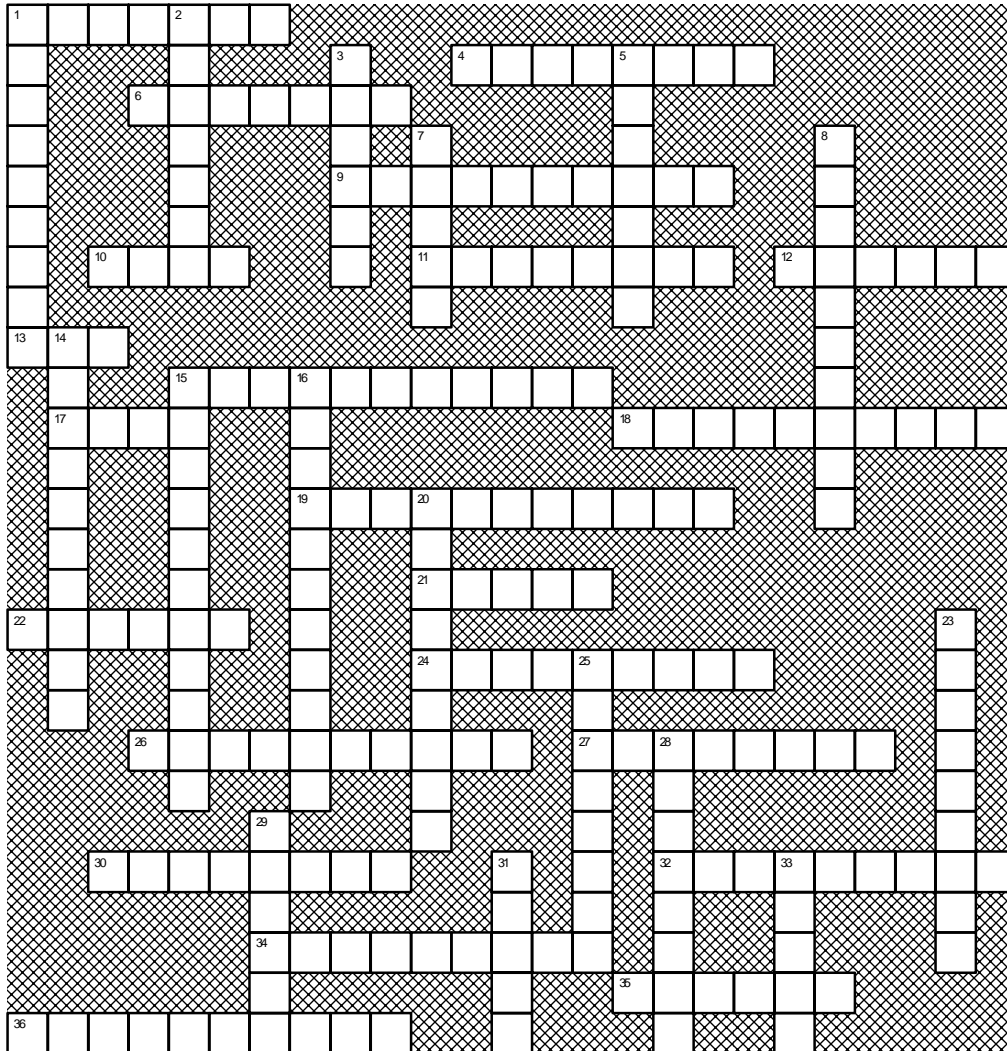


NAME: _____

"Keynesian economics"



Across

9. Keynes argued that business would reduce _____, rather than decrease prices or wages, in order to cope with a depression.

10. Keynesianism asserts that aggregate demand must be increased enough to ensure _____ employment without inflation.

11. Keynes asserted that we should run _____ in the budget in years when the economy appeared destined for recession.

12. Keynes asserted that the key to balancing the economy was to make sure that aggregate _____ was enough to ensure full employment.

1. Classical economics argued that there would always be a _____ between aggregate demand and aggregate supply.

4. Keynesians argue that we must increase government _____, or decrease taxes, to prevent a recession.

6. Keynes said that a deficit in recessionary years would be offset by a _____ in inflationary years.

13. the total output of goods and services in the economy for a period of one year

15. Policies which foster an increase in aggregate demand are called _____.

17. The _____-keynesians assert that an 'incomes policy' or wage-price controls is essential for controlling the economy.

18. When the level of aggregate demand exceed the potential GDP, and inflation results, we call the economy _____.

19. Classical theory asserted that there would always be an _____ between aggregate demand and aggregate supply.

21. Keynes asserted that businesses would hire _____ workers in a recession and produce _____ goods, resulting in the hiring of still _____ workers.

22. Government policy dealing with taxing and spending is called _____ policy; Keynes suggested that this was the key to controlling the economy.

24. total

26. Turning an increase in the deficit into an increase in the money supply is called _____ the debt.

27. The type of unemployment that occurs in a recession is called _____ unemployment.

Down

1. Monetarists believe that _____ of funds destroys the effects of Keynesian synthesis.

2. Classical economics held that money is _____.

3. Says' law stated that _____ creates its own demand.

5. Keynes said that a _____ in recessionary years would be good.

7. Classical theory held that _____ always exchange for goods.

8. $GDP = \text{consumption} + \text{_____} + \text{government}$

14. Classical economics could not explain the Great _____.

15. inflation and recession at the same time

30. In order to prevent a recession, a Keynesians would support an _____ in government spending if a recession were threatening.

32. The Keynesian _____ school of economics seeks to integrate Keynes' teaching with classical economic theories.

34. Keynes suggested that an _____ could persist between aggregate supply and aggregate demand.

35. _____ was the author of The General Theory of Employment, Interest, and Money.

36. According to Keynes, _____ must take action to ensure the proper level of aggregate demand.

16. People who believe that controlling the money supply is the key to controlling the economy

20. Keynes believed that _____ was caused by a level of aggregate demand that exceeded aggregate supply.

23. The amount of GDP that the economy is capable of producing is called _____ GDP.

25. 'Goods always _____ for goods.'

28. $GDP = \text{_____} + \text{investment} + \text{government}$

29. money is a _____ of exchange

31. _____ is neutral in classical theory.

33. Decreasing _____ will stimulate private sector demand, according to Keynesian theory.