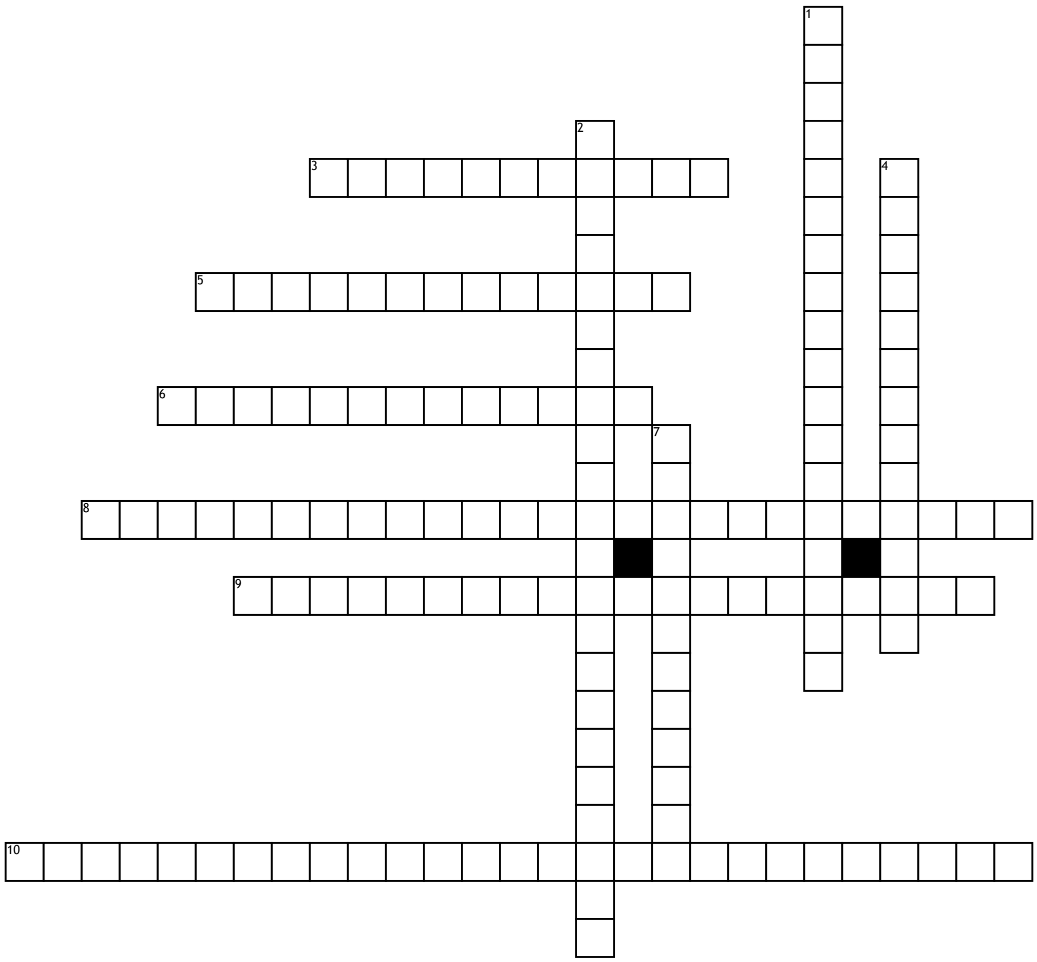
Chapter 15: Fiscal Policy



Across

3. A graph depicting the relationship between tax rates and total tax revenues

5. A budget in which government revenues exceed government expenditures in a given time period.

6. A budget in which government expenditures exceed government revenues in a given time period

8. The deliberate use of changes in government spending or taxes to alter aggregate demand and stabilize the economy.

9. Federal expenditures and tax revenues that automatically change levels in order to stabilize an economic expansion or contraction; sometimes referred to as nondiscretionary fiscal policy

10. The change in consumption spending resulting from a given change in income

Down

1. The change in aggregate demand (total spending) resulting from an initial change in any component of aggregate demand, including consumption, investment, government spending, and net exports. As a formula, the spending multiplier equals 1/(1-MPC).

2. A fiscal policy that emphasizes government policies that increase aggregate supply in order to achieve long-run growth in real output, full employment, and a lower price level.

4. The change in aggregate demand (total spending) resulting from an initial change in taxes. As a formula, the tax multiplier equals 1-spending multiplier

7. The use of government spending and taxes to influence the nation’s output, employment, and price level.

Word Bank

Supplysidefiscalpolicy	Automaticstabilizers	Fiscalpolicy
Taxmultiplier	Marginalpropensitytoconsume	Laffercurve
Discretionaryfiscalpolicy	Spendingmultiplier	Budgetdeficit
Budgetsurplus		