

Worksheet 3: Economic events

Match the economic event to the correct diagram

| Sr. No. | Economic event | Diagram(s) – No. |
|---------|---|------------------|
| 1. | Increase in potential output | |
| 2. | Increase in actual output | |
| 3. | Imports becoming expensive | |
| 4. | Fall in interest rates | |
| 5. | A firm raising wages of workers | |
| 6. | Demand pull inflation | |
| 7. | Cost push inflation | |
| 8. | Income tax being raised | |
| 9. | Good deflation | |
| 10. | Bad deflation | |
| 11. | Incomes/price levels in other countries rising | |
| 12. | A country imposing trade barriers on its imports | |
| 13. | Fall in exchange rates | |
| 14. | Higher inflation rate | |
| 15. | Government giving subsidies to its exports | |
| 16. | Government deciding to sell foreign currencies | |
| 17. | Decrease in unemployment OR increase in output | |
| 18. | Government raising its spending on education/infrastructure | |
| 19. | Rise in budget deficit | |
| 20. | Rise in trade deficit | |
| 21. | Contractionary monetary policy | |
| 22. | Expansionary fiscal policy | |
| 23. | Contractionary fiscal policy (budget surplus) | |
| 24. | Increase in the price of a substitute | |
| 25. | Increase in income | |