

- 27) Inflationary gap: exists when the actual output exceeds the full employment national income.
- 28) Deflationary gap: exists when the actual output is below the full employment national income.
- 29) Production possibilities curve: shows all the combinations of the maximum amount of two goods that an economy can produce within a certain period, with a certain level of technology and when all available resources are fully and efficiently employed.

2.3 Macroeconomic Objectives

- 30) Unemployment: condition where labour is not used in the production of goods and services in the economy.
- 31) Unemployed: people in the working age population who are able and willing to work but unable to find work.
- 32) Unemployment rate: percentage of the unemployed out of the total labour force.
- 33) Labor force: number of people in the working age including the employed and the unemployed.
- 34) Claimant unemployment: a measure of all those in receipt of unemployment benefits.
- 35) Standardized unemployment rate: captures people of working age who are without work, available to start work within two weeks and actively seeking employment or waiting to take up an appointment.
- 36) Under unemployment: refers to people of working age with part-time jobs when they would rather work full-time or with jobs that do not make full use of their skills and education.
- 37) Natural rate of unemployment: unemployment that exists when the economy is producing at full-employment level of output.
- 38) Frictional unemployment: unemployment that occurs when workers are between jobs, in search of better jobs or waiting to begin a new job.
- 39) Seasonal unemployment: unemployment that arises because the demand for certain types of labour fluctuates on a seasonal basis because variations in need.
- 40) Structural unemployment: unemployment due to a mismatch between the labour skills demanded by employers and labour skills supplied by workers.
- 41) Cyclical unemployment: unemployment where the number of workers who are able and willing to find work at the prevailing wage rate is greater than the number of job vacancies available, usually during recession.
- 42) Inflation: an increase in general price level in a country.
- 43) Deflation: a decrease in general price level in a country.
- 44) Disinflation: fall in rate of inflation.
- 45) Consumer price index: measure the changes in the prices of a basket of goods and services consumed by an average household.
- 46) Producer price index: several indices of prices received by producer of goods and services at various stages in the production process.
- 47) Demand-pull inflation: occurs when aggregate demand persistently exceeds aggregate supply when the economy is near or at full-employment, causing upward pressure on prices.
- 48) Cost-push inflation: a situation where prices are forced upwards by sustained increases in costs of production which are not caused by excess demand.
- 49) Wage push: cost-push inflation due to a rise in wage rate.
- 50) Imported inflation: cost-push inflation due to a rise in the price of imported factors of production.
- 51) Tax-push: cost-push inflation due to a rise in indirect tax.
- 52) Profit-push: cost-push inflation due to the use of monopoly power to increase profit margins.
- 53) Economic growth: increase in real GDP over a period of time.
- 54) Actual growth: the percentage increase in actual output produced during the given time period.
- 55) Potential growth: percentage increase in the economy's capacity to produce, represented by increase in potential output.

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