

Recession Terms Word Search

Answer Key

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■ 10 Terms & Definitions

<p>RECESSION</p> <p>A recession is a significant, widespread, and prolonged downturn in economic activity — officially defined as two consecutive quarters of negative GDP growth. During recessions, consumer spending drops, businesses cut costs, unemployment rises, and credit becomes harder to obtain</p>	<p>CONTRACTION</p> <p>An economic contraction is a phase of the business cycle during which GDP declines, economic output falls, and unemployment rises. Contractions are the opposite of expansions and are a normal part of the economic cycle, though their severity and duration vary significantly.</p>
<p>UNEMPLOYMENT</p> <p>Unemployment refers to the condition of people who are jobless, actively seeking work, and available to work. The unemployment rate is a key economic indicator, calculated as the percentage of the labor force that is unemployed. The US Federal Reserve targets maximum employment a</p>	<p>BAILOUT</p> <p>A bailout occurs when a government or financial institution provides emergency financial support to a failing company or financial system to prevent collapse. Bailouts are controversial because they use public funds to rescue private entities, but they are often used to prevent w</p>
<p>DEFLATION</p> <p>Deflation is a sustained decrease in the general price level of goods and services. While it may seem beneficial, deflation is dangerous because it leads consumers to delay purchases (expecting lower prices), which reduces business revenue, causes layoffs, and creates a downward</p>	<p>AUSTERITY</p> <p>Austerity refers to government policies of reducing public spending, raising taxes, or both to reduce budget deficits during economic downturns. While intended to restore fiscal sustainability, austerity is controversial because cutting spending during a recession can deepen the</p>
<p>LAYOFFS</p> <p>Layoffs are the temporary or permanent termination of employees by a company, typically to reduce costs during periods of declining revenue or economic uncertainty. Unlike firings for cause, layoffs result from business conditions rather than employee performance.</p>	<p>FORECLOSURE</p> <p>Foreclosure is the legal process by which a lender takes possession of a property when the borrower fails to make mortgage payments. Foreclosures spike during recessions as unemployment rises and homeowners can no longer afford their payments, often leading to significant decline</p>
<p>DEPRESSION</p> <p>An economic depression is an extreme and prolonged recession characterized by very high unemployment, major declines in GDP, deflation, banking crises, and widespread business failures. Depressions are rarer and far more severe than recessions, typically lasting many years.</p>	<p>STIMULUS</p> <p>Economic stimulus consists of government actions — such as tax cuts, increased spending, or monetary easing — designed to boost aggregate demand and economic activity during downturns. Fiscal stimulus involves government spending; monetary stimulus involves central bank actions I</p>