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Term	Definition
A standard for deferred payment	A function of money that enables people to borrow (1) pay back at a later date (1) and to lend (1).
Absolute poverty	A lack of access to basic necessities (1) e.g. food/ clothing/ housing (1)
Average Costs	Total costs divided by output (2)
Birth rate	The number of births per thousand of the population (1) in a year (1) live births (1)
Capital good	A human-made good (1) used to produce other goods and services (1).
Capital-intensive	A production method that uses a large proportion of capital (1) relative to labour (1).
Commercial bank	A financial institution (1) that offers services to people /households/firms (1) examples of services (1)



Term	Definition
Complements	Two products that are used / consumed together (1) as demand for one product increases, demand for the other product increases (1) e.g. coffee and milk (1)
Conglomerate Integration	A merger (1) between firms producing different products (1).
Cost-push inflation	the costs of production rise (1) such as wages and raw materials (1) leading firms to increase prices (1)
Current account surplus	When revenue from trade in goods and services exported exceeds revenue from trade in goods and services imported (2)
Consumer Price Index	A measure of inflation / cost of living (1) using weights / basket of goods and services (1).
Cyclical unemployment	Workers without jobs (1) in a recession (1) due to a lack or fall in total (aggregate) demand (1) more people unemployed than there are job vacancies (1)



Term	Definition
Death rate	the number of deaths per 1000 of the population (1) per year (1)
Deflation	a fall (1) in the (general) price level (1).
Demand	The willingness/desire/want (1) and ability to buy a product (1) in a given period (1).
Demand-pull inflation	the rising level of total (aggregate) demand in an economy(1) pulls up the general level of prices in an economy (1).
Demerit good	A product which is more harmful to consumers than they realise / the government considers is more harmful (2). It is over-consumed / overproduced (1) it creates external costs (1). A product that is harmful (1).
Depreciation of a currency	A fall in value (1) of a floating exchange rate (1) compared to another currency (1).



Term	Definition
Deregulation	The removal of rules/regulation (2). Less government intervention (1) to encourage competition (1). Actions making it easier for businesses to enter an industry (1). Supply-side policy (1) to increase competition (1).
Devaluation	fall in the value (1) of a (fixed) exchange rate (1). Fall in value of currency (1) relative to another (1). Fall/decrease in exchange rate (1).
Division of labour	Workers specialising (1) in particular tasks / repeating the same task (1). Breaking down production into different / separate tasks (1) using different workers for the different tasks (1).
Dumping	The sale of a product at less than cost price (1) in a foreign country (1) to gain a larger market share (1) to get rid of surplus stock / to prevent price falling on the domestic market (1).
Earnings	Income/ money received by a factor of production (1) received from working/ payment to workers (1) includes wages/salaries (1)



Term	Definition
Economic development	Increase in standards of living of a country / quality of life / economic welfare (2). Increase GDP per head / education / healthcare / HDI (1). Movement from primary towards the secondary and tertiary sectors (1).
Economic growth	increase in (real) GDP/country's output/national income/productive potential over time (2)
Economic problem	There are finite/limited/scarce resources (1) but unlimited /infinite wants (1) and so it is necessary for a choice to be made (1)
Economies of scale	A fall in average costs (1) resulting from an increase in output/scale of production (1).
Elastic supply	The percentage change in quantity supplied is greater than the percentage change in price (2).



Term	Definition
Emigration	Emigration is when people exit / leave (1) a country (1) to live in another country (1).
Enterprise	Risk bearing (1) setting up / owning a business (1) key decision making / organisation of the other factors of production (1) profit incentive / profit is the reward (1).
Equilibrium price	The price where demand and supply are equal (2)
External cost	Harmful effects (1) on third parties (1). Social costs – private costs (1).
Economic growth	increase in (real) GDP/country's output/national income /productive potential over time (2)
Finite resource	A resource is an aid to production (1) which is limited in supply (1) it cannot be replaced over time / fast enough / will run out (1) to keep pace with consumption (1).



Term	Definition
Fixed cost	A cost that does not change with output / a cost that has to be paid even when output is zero (1) e.g. rent (1).
Floating foreign exchange rate	The price of a currency(1) determined by market forces /demand and supply (1)
Foreign exchange rate	The price / value of a currency (1) in terms of another currency / currencies (1).
Free good	No opportunity cost (1) a good that takes no resources /factors of production to produce / naturally abundant in supply / does not use scarce resources (1).
Free Trade	Free trade is when countries export and import between each other / countries exchange goods and services (1) without any restrictions / protection (1) such as tariffs or quotas (1).
GDP per head	Total output / income / expenditure (1) divided by population / per person (1).



Term	Definition
Gross Domestic product	GDP measures the (total) output/income/expenditure (1) of a country/economy (1).
Government budget	Government budget is a plan / forecast (1) for government expenditure (1) and government revenue (1)
Horizontal Integration	A merger/takeover between firms (1) producing the same product at the same stage of production. (1)
Human Development Index	A measure of living standards/quality of life (1) includes income per head, education and life expectancy (two of these three) (1)
Human factors of production	Labour (1) entrepreneur/enterprise (1).
Import quota	limit (1) on quantity of good or service bought from abroad/ imported (1)
Import tariff	A tax (1) on imports (1)



Term	Definition
Indirect Tax	A tax on spending/the burden can be passed on to someone else (1) e.g. VAT/sales tax/tariffs (1).
Industry	Firms (1) that produce the same product (1) example (1)
Inelastic supply	When supply changes by a smaller percentage (1) than the change in price (1). When PES is less than 1 (1).
Inflation	A sustained /over time (1) rise in the price level (prices). (1)
Investment	Investment is spending (1) on capital goods (1) to increase output (1).
Labour	The human factor of production (1) mental and physical effort (1) required for production (1).



Term	Definition
Labour force	<ul style="list-style-type: none">• Those who are economically active (2).• Those willing (1) and able to (work) (1).• The employed (1) and the unemployed (1).
Labour-intensive industry	An industry that has a high proportion of labour compared to the proportion of other factors of production used (2)
Loss	Costs exceed revenue (2)
Macroeconomics	The study of the whole economy (2). Example of a macroeconomic topic e.g. unemployment/study of economics on a large scale (1).
Market disequilibrium	When quantity demanded does not equal quantity supplied (2). When there are shortages (1) or surpluses (1) of a product.
Market failure	Market failure is when the market mechanism / price mechanism / demand and supply (1) does not lead to an efficient allocation of resources (1).



Term	Definition
Microeconomics	<p>Study/analysis of or focus on individual markets / economic agents e.g. individuals, households, and firms (2).</p> <p>Study of economics on a small scale, e.g. demand for cars (1). Demand and supply for individual products/markets (1).</p>
Mixed economy	<p>A mix of both free market and planned economies. (2)</p>
Monetary policy	<p>Policy using interest rate (1) or money supply (1) to influence the economy (1).</p>
Multinational company	<p>A firm that produces / operates (1) in more than one country (1)</p>
Net immigration	<p>More people coming to live in the country than leaving the country to live elsewhere (2). The number of immigrants exceeding emigrants (2). The difference between immigration and emigration (1). People coming to live in the country (1).</p>



Term	Definition
Opportunity cost	Next best alternative (1) forgone (1)
Perfect competition	Very high level of competition (1) firms are price takers (1) many buyers and sellers (1) free entry and exit (1) homogeneous / same product (1) perfect information (1)
Perfectly inelastic supply	A change in price that causes no change in supply (2) or Correct Formula (1), a PES of 0 (1)
PPC	A curve that shows the maximum output of two types of products/ combination of two products that can be made (1) with given resources (1)
Price elasticity of supply	a measure of the responsiveness of supply to a change in price (2)
Price Inelastic Demand	When demand changes by a smaller percentage (1) than the change in price (1)



Term	Definition
Private cost	Private cost are cost borne by those producing the product (1) consuming the product (1) example of such cost (1) social cost - external cost (1)
Privatisation	Privatisation is the sale of state-owned / public sector firms / public sector assets (1) to the private sector / investors / individuals (1).
Productivity	Output per worker/factor (1) hour/time period (1). Note: second mark is dependent on the candidate gaining the first mark. A measure of efficiency (1).
Profit maximisation	When a firm produces at the level of output (1) which makes the highest profits for the firm (1). When a firm produces where the gap between TR and TC (1) is largest (1).
Progressive tax	a tax that takes a higher percentage of income of the rich / lower percentage of income of the poor (2)



Term	Definition
Protectionism	Protectionism is the deliberate attempt to limit imports or promote exports / make foreign products less competitive (1) have trade restrictions (1).
Rate of interest	A charge / cost (1) for borrowing money (1). Or: The reward (1) for saving (1). Or A monetary policy measure (1) set by the central bank (1).
Recession	a fall in GDP / negative economic growth (1) for two successive quarters/ 6 months or more (1)
Redistribution of income	Transfer of income from some individuals (1) to others (1). Tax taken from the rich (1) is spent on the poor (1). Progressive / regressive taxation (1)
Regressive tax	A tax that takes a lower percentage of the income of the rich / higher percentage of the income of the poor (2). A tax that falls more heavily on the poor (1). Disadvantages the poor/higher burden on the poor/higher rate for the poor (1).



Term	Definition
Resources	Factors of production/input (1) used to produce goods and services (1) (land, labour, capital and entrepreneur) (1)
Sales tax	A tax on spending/an indirect tax/ a tax on goods and services/ a tax on consumers (2)
Saving	Income (1) not spent / minus spending (1). Putting money in the bank (1) for future use (1).
Scarce resources	Factors of production (1) that are limited in supply (1)
Secondary Sector	Manufacturing/turning raw materials into goods (1) e.g. car production, house building (1).
Social cost	Social cost is equal to the sum of private costs (1) and external costs (1). Cost to the entire society (1).
Specialisation	Concentration/ focus (1) on particular products/tasks (1).



Term	Definition
Structural unemployment	Workers without jobs (1) Unemployment due to a change in the structure of the economy / change in demand and supply conditions / decline of some industries (2) lack of the appropriate skills (1) lack of labour mobility (1).
Subsidy	A payment by e.g a government (1) to reduce production costs(1)
Substitute	A rival product / a product that can be used instead of another (1) e.g. bus travel and car travel / apples and oranges (1)
Supply	Willingness to sell a product (1) and ability to sell a product (1). Supply at a given price / in a given time period (1).
Supply side policy	Policy which is designed to increase the total (aggregate) output/supply/productive capacity of an economy (2)
Tariff	Tariffs are a tax (1) on imports/exports (1) which increase the price of imported/exported goods (1).



Term	Definition
Tax	A payment/finance to the government/local authority Example sales tax, income tax
Tertiary sector	Services(1) e.g. banking (1).
Total revenue	Total amount of money earned by firms (1) for selling their product (1). Price times quantity (2), $P \times Q$ (2) Total costs plus profit (2).
Trade in goods balance	Value of exports of goods / revenue earned from exports minus value of imports of goods / expenditure on imports of goods (2). Exports minus imports (1) of goods / visible items (1).
Trade in services deficit	Imports of services being greater than exports of services (2). A deficit on a section of the balance of payments (1).
Trade protection	Protecting domestic firms (1) from foreign competition (1).



Term	Definition
Trade union	An association/body/group/organisation (1) which represents its members/workers by protecting workers' rights/seeks to improve workers' pay and/or working conditions (1).
Unemployment	People without jobs (1) who are willing and able to work (1). Or: Resources not being used (1) to produce goods and services (1).
Wages	A payment/reward (1) to labour/workers (1).
Weighted price index	A measure of changes in the price level/measure of inflation (1) which takes into account the different proportions spent on items in a basket of goods and services (1).



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