

VOCABULARY Economics unit 1

accounting cost	cost of producing a good or service
advertising	media that persuades consumers to buy a product or service
aggregate	the sum total
allocate	distribute
alternative	option
analysis	in-depth study
benefit	what is gained when a decision is made
capital good	goods that are made and used to make other goods and services
capitalism	an economic and political system in which a country's trade and industry are controlled by private owners
celebrity endorsement	use of famous people to promote a product
command economy	economy where goods, services, and resources are distributed by the government
communism	an economic and political system in which a country's trade and industry are completely controlled by the government
condition	circumstance
consequence	effect
conserve	to save
consumer	person whose needs and wants are satisfied by using goods and services
cost	what is given up when a decision is made
desire	want
disincentivize	discourage (a person or course of action) by removing an incentive
distribute	to divide among
economics	social science that focuses on decision-making

economic system	system of production, resource allocation, exchange, and distribution of goods and services
efficient	using resources in a way that gets the most out of them (i.e., not wasting them)
employee	worker
entrepreneur	someone who organizes productive resources to make goods and services
entrepreneurship	taking an idea and developing into a business, involving initiative and risk
expectations	things that are anticipated will happen
explicit	clearly expressed or observed
externality	unintended (or "spillover") effects that result from an action
fair	free from bias
free market economy	economy where goods, services, and resources are distributed by price
good	objects that can satisfy people's needs or wants
human capital	quality of labor resources
human resource	quantity and quality of human effort used for production of goods and services
incentive	something that encourages people to act
incentivize	to encourage a certain behavior
investor	people who put their money into something (like stocks), because they hope to make more money
marginal	extra or additional (in economics)
marginal analysis	using marginal measurements to allocate scarce resources for benefit maximization
marginal benefit	change in total benefit resulting from an action
marginal cost	change in total cost resulting from an action

marginal revenue	change in total revenue resulting from adding one more unit of a good or service
marginal utility	change in total utility resulting from an action
monopoly	when one company holds exclusive possession or control of the supply in a commodity or service
maximize	to receive the most from
monetary	relating to money
market	an infrastructure whereby parties engage in exchange
natural resource	factors derived from nature that are used to achieve a goal
need	a good or service required for survival
net benefit	total benefit minus total cost
nominal value	the value of a good or service in terms of money
non-market distribution	allocation method not based on price
opportunity cost	value of the best alternative given up
peer pressure	when friends influence people to behave in a certain way
penalty	negative incentive that makes people worse off
physiological needs	things essential for a person's body
prefer	to like one thing better than another
preferences	the people, objects, or actions that are chosen over other options
price	monetary cost of an item
producer	person who makes goods or provides services
productive resource	factors used to achieve a goal
public good	item that is provided to society
quantity	amount
rational behavior	receiving the most satisfaction, under certain conditions

rational thinking	to consider something in a logical way
“real” value	the value of goods or services when compared to other goods/services; the relative value of something
regulations	rules that control the behavior of others
retail price	money value of a good or service that is charged to the customer
revenue	money earned from selling a good or service
reward	positive incentive that makes people better off
risk	the chance of something turning out differently than expected
salary	payment for work
satisfaction	happiness
saver	people who put aside some of their money for future use
scarce	limited
service	actions that can satisfy people's needs or wants
socialism	an economic and political system in which aspects of a country's trade and industry are controlled by the government
standard of living	level of comfort that people feel when goods and services are available to them
trade-off	value of all the alternatives given up
utility	happiness; satisfaction
wage	amount that a person earns for working expressed in a unit of time, like \$9 an hour
want	a good or service that people would prefer to have, but do not need