

VOCABULARY Unit 3

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| collusion | agreement between two or more people to limit and earn higher profits |
| competition | contest between rivals |
| complement | goods that go together |
| consumer | people whose wants are satisfied by using goods and services |
| customer service | service provided to consumers during the buying process |
| demand | willing and able to consume |
| demand curve | graph that shows the relationship between price and quantity demanded |
| demand schedule | table that shows the relationship between price and demanded |
| equilibrium price | price where quantity supplied equals quantity demanded |
| equilibrium point | point where the supply and demand curves intersect |
| excess demand | more demand than needed |
| excess supply | more supply than needed |
| income | money earned |
| input costs | expenses of productive resources |
| interrelated markets | markets that are connected in a mutual way |
| law of downward-sloping demand | when a product's price rises, the quantity of the product demanded decreases; and when a product's price falls, the quantity of the product demanded increases |
| marginal cost | cost of producing one more unit of a good |
| marginal revenue | money earned by producing one more unit of a good |
| market-clearing price | price where quantity supplied equals quantity demanded (also known as the equilibrium price) |
| market economy | economy in which market forces that determine prices resources and distribute goods and services |

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| planned economy | economy in which a central authority owns/ productive resources and distributes goods services |
| price | cost of a good or service |
| price ceiling | when a price is set below the equilibrium price and not allowed to increase |
| price floor | when a price is set above the equilibrium price and not allowed to decrease |
| producer | people who make goods and provide services |
| production substitute | good that can be used as a replacement for another good in the production process |
| profit-maximization | profit level that earns the most money after are paid |
| quality | degree of excellence for something, such as a product |
| quantity | amount |
| quantity demanded | amount that consumers are willing and able to buy |
| quantity supplied | amount that producers will make and sell in the market |
| relative prices | price of a good or service compared to the price of another product |
| shortage | when buyers want to purchase more than the producers want to sell at the given price |
| substitute | a good that can replace another product |
| supply | quantity of a good or service that producers make and sell in the market |
| supply curve | graph that shows the relationship between price and supplied |
| supply schedule | table that shows the relationship between price and quantity supplied |
| surplus | when producers want to sell more than buyers want to purchase at the given price |
| survey | gather data |