

## VOCABULARY economics unit 5

**aggregate** adding things together

**confidence** trust

**Consumer Price Index (CPI)** average change in prices of commonly used goods and services

**consumption** buying of final goods and services by households

**contractionary policy** actions intended to slow economic growth

**cyclical unemployment** unemployment that happens when the economy is growing slowly or shrinking

**diaspora** a dispersion of people outside their homeland

**economic cycle** time from one economic peak to another economic peak; behavioral pattern in the economy that includes growing and shrinking phases

**economic growth** continual rise in a nation's production of goods and services

**effective** achieving its intended effect

**expansionary policy** actions intended to encourage (or expand) economic growth

**externality** unintended consequence

**final goods and services** end products of the production process

**fiscal policy** when the government uses government spending and taxes to affect economic performance

**GDP per capita** GDP divided by the number of people living in a country

**generalizations** statements or concepts obtained by inference from causes

**Gross Domestic Product (GDP)** market value, in dollar amounts, of all final goods and services produced in a year

**Gross National Product (GNP)** market value, in dollar amounts, of all final goods and services produced by domestically owned factors of production

<b>Human Development Index (HDI)</b>	quality of life measurement that includes a form of GDP per capita, how long people are expected to live, and education
<b>inflation</b>	increase in the prices of commonly used goods and services
<b>intellectual property</b>	creations of the mind, such as inventions, literary and artistic works
<b>interest rate</b>	price of money that is borrowed or saved
<b>investment</b>	putting money into something financial, in hopes of earning more money
<b>ISIS</b>	the Islamic State of Iraq and Levant (Syria), a terrorist Sunni Islam sect that seeks to create an all-Sunni country
<b>labor force</b>	people who are sixteen years old or older who are actively seeking work
<b>labor productivity</b>	output (of goods and services) divided by number of workers used to produce the output
<b>macroeconomics</b>	the study of the whole economy
<b>maquiladoras</b>	manufacturing operations in Mexico where certain materials are duty and tariff free
<b>material goods</b>	products that are bought and sold, such as food, clothes, computers, and cars
<b>microeconomics</b>	the study of individual parts of the economy
<b>monetary policy</b>	when the central bank uses money supply and interest rates to affect a country's economy
<b>money supply</b>	amount of money available in the economy, including money in circulation and demand deposits
<b>national debt</b>	total amount of money the federal government owes
<b>net exports</b>	exports minus imports
<b>nominal GDP</b>	Gross Domestic Product in current dollars
<b>personal income tax</b>	tax paid by individuals on money they earn

<b>property right</b>	the right to exclude others from using the good or service and the right to transfer the ownership or use of resources to others
<b>protective tariffs</b>	a duty imposed on imports to raise their price.
<b>public good</b>	something that can be used by everyone, provides benefits to more than one person at a time, and whose use cannot be restricted to only those people who have paid for it
<b>purchasing power</b>	person's ability to buy goods and services, given his or her income
<b>real GDP</b>	Gross Domestic Product, adjusted for price changes
<b>sovereignty</b>	the authority of a state to govern itself
<b>standard of living</b>	comfort level that people experience from having goods and services available to them
<b>total income</b>	money earned from all producers in a country
<b>total output</b>	all goods and services produced by using the factors of production
<b>trade-bloc</b>	an agreement between countries to reduce trade barriers
<b>trend</b>	general direction in which something moves
<b>unemployment</b>	number of working-age people who do not have jobs
<b>unemployment insurance</b>	money that the government gives to unemployed people who meet certain requirements
<b>unemployment rate</b>	percentage of the labor force that is willing and able to work, does not currently have a job, and is actively looking for work