International economic issues

A-Level Economics · Vocabulary in context

Word	Example
international trade /ˌɪntəˈnæʃənl treɪd/	**International trade** means buying and selling between countries.
specialise /ˈspeʃəlaɪz/	Countries **specialise** when each one makes what it is best at.
absolute advantage /ˈæbsəluːt ədˈvæntɪdʒ/	A country with **absolute advantage** makes more with the same resources.
comparative advantage /kəmˈpærətɪv ədˈvæntɪdʒ/	A country has a **comparative advantage** in what it gives up least to make.
opportunity cost /ɒpəˈtjuːnɪti kɒst/	The **opportunity cost** of a holiday is what else you could have bought.
trading possibility curve /ˈtreɪdɪŋ ˌpɒsəˈbɪlɪti kɜːv/	The **trading possibility curve** shows what a country can have after it trades.
terms of trade /tɜːmz ɒv treɪd/	The **terms of trade** improve when export prices rise faster than import prices.
protectionism /prəˈtekʃənɪzəm/	Tariffs and quotas are tools of **protectionism**.
tariff /ˈtærɪf/	A **tariff** is a tax on imported goods.
quota /ˈkwəʊtə/	An import **quota** limits how many cars can come in.
subsidy /ˈsʌbsɪdi/	A **subsidy** is money from the government that lowers a firm's costs.

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embargo /emˈbɑːgəʊ/	An **embargo** stops all trade with one country.
administrative barriers /ədˈmɪnɪstrətɪv ˈbærɪəz/	Slow, complicated customs checks are **administrative barriers** to trade.
stakeholder /ˈsteɪkhəʊldə/	People living near the factory are a **stakeholder** group.
infant industry /ˈɪnfənt ˈɪndʌstri/	An **infant industry** is a new industry that may need protection while it grows.
dumping /ˈdʌmpɪŋ/	**Dumping** means selling goods abroad below their cost.
retaliation /rɪˌtælɪˈeɪʃn/	When one country raised its taxes on imports, the other country answered with **retaliation**.
balance of payments /ˈbæləns ɒv ˈpeɪmənts/	The **balance of payments** records all money flowing into and out of a country.
current account /ˈkʌrənt əˈkaʊnt/	Money from selling services abroad goes into the **current account**.
trade in goods /treɪd ɪn gʊdz/	Selling cars and oil abroad is **trade in goods**.
trade in services /treɪd ɪn ˈsɜːvɪsɪz/	Selling banking and tourism abroad is **trade in services**.
primary income /ˈpraɪməri ˈɪŋkʌm/	Wages and investment returns from abroad are **primary income**.
secondary income /ˈsekəndəri ˈɪŋkʌm/	Personal transfers from abroad are **secondary income**.

Word	Example
current account deficit /ˈkʌrənt əˈkaʊnt ˈdefɪsɪt/	A **current account deficit** means a country spends more abroad than it earns from abroad.
current account surplus /ˈkʌrənt əˈkaʊnt ˈsɜːpləs/	A **current account surplus** means a country earns more from abroad than it spends there.
exchange rate /eksˈtʃeɪndʒ reɪt/	The **exchange rate** is the price of one currency in another.
appreciation /əˌpriːʃɪˈeɪʃn/	An **appreciation** of the yuan makes Chinese exports dearer abroad.
depreciation /dɪˌpriːʃɪˈeɪʃn/	A currency **depreciation** makes imports more expensive.
floating exchange rate /ˈfləʊtɪŋ eksˈtʃeɪndʒ reɪt/	A **floating exchange rate** moves up and down with supply and demand.
fixed exchange rate /fɪkst eksˈtʃeɪndʒ reɪt/	A **fixed exchange rate** is held at one value by the government.
managed exchange rate /ˈmænɪdʒd eksˈtʃeɪndʒ reɪt/	With a **managed exchange rate**, the central bank stops the currency moving too much.
aggregate demand /ˈægrɪgeɪt dɪˈmænd/	**Aggregate demand** is the total spending in the economy.
short-run aggregate supply /ʃɔːt rʌn ˈægrɪgeɪt səˈplaɪ/	**Short-run aggregate supply** shows how much firms will produce at each price level now.
expenditure-reducing /ekˈspendɪtʃə rɪˈdjuːsɪŋ/	Higher taxes are an **expenditure-reducing** policy: people spend less, including on imports.

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expenditure-switching /ekˈspendɪtʃə ˈswɪtʃɪŋ/	A tax on imports is an **expenditure-switching** policy: people buy local goods instead.
competitiveness /kəmˈpetɪtɪvnəs/	Lower costs improve a firm's **competitiveness** against foreign firms.