A-Level Economics

Economics questions open with a definition mark more often than any other subject on this site, and the mark is for precision: the right nouns, the right condition, and the ceteris paribus clause where the theory needs it. 经济学定义题按用词精确度给分。

Basic economic ideas

Scarcity 稀缺性 — unlimited wants set against limited resources, which forces choice

Opportunity cost 机会成本 — the benefit forgone from the next best alternative when a choice is made

Ceteris paribus 其他条件不变 — all other factors held constant, so the effect of one variable can be isolated

Free good 自由物品 — a good with no opportunity cost, because it is not scarce

Production possibility curve 生产可能性曲线 — a curve showing the maximum combinations of two goods an economy can produce with all resources fully and efficiently employed

Positive statement 实证陈述 — a statement of fact that can be tested against evidence

Normative statement 规范陈述 — a statement of opinion or value judgement, containing words such as should or ought

Demand, supply and elasticity

Effective demand 有效需求 — the quantity consumers are willing AND able to buy at a given price in a given period

Law of demand 需求定律 — as price rises, quantity demanded falls, ceteris paribus

Movement along a demand curve 需求量变动 — a change in quantity demanded caused by a change in the good's own price

Shift in demand 需求变动 — a change in demand at every price, caused by a determinant other than the good's own price

Price elasticity of demand 需求价格弹性 — the responsiveness of quantity demanded to a change in price: percentage change in quantity demanded divided by percentage change in price

Income elasticity of demand 需求收入弹性 — percentage change in quantity demanded divided by percentage change in income; negative for an inferior good

Cross elasticity of demand 需求交叉弹性 — percentage change in quantity demanded of one good divided by percentage change in the price of another; positive for substitutes, negative for complements

Price elasticity of supply 供给价格弹性 — percentage change in quantity supplied divided by percentage change in price; greater in the long run when factors are mobile

Consumer surplus 消费者剩余 — the difference between what consumers are willing to pay and what they actually pay

Producer surplus 生产者剩余 — the difference between the price producers receive and the minimum they would accept

The price system and market failure

Market failure 市场失灵 — where the free market fails to allocate resources efficiently, so welfare is not maximised

Externality 外部性 — a cost or benefit falling on a third party not involved in the transaction

Negative externality of production 生产的负外部性 — where marginal social cost exceeds marginal private cost, so the market overproduces

Merit good 优效品 — a good which is under-consumed because consumers undervalue its private benefit, and which also creates positive externalities

Public good 公共品 — a good that is non-rival and non-excludable, so the free market fails to provide it – the free-rider problem

Allocative efficiency 配置效率 — where price equals marginal cost, so resources are allocated to the goods consumers value most

Productive efficiency 生产效率 — producing at the lowest point on the average cost curve, so output is made at least cost

Government failure 政府失灵 — where government intervention creates a net welfare loss, often through unintended consequences or information failure

Maximum price 最高限价 — a legal ceiling set BELOW equilibrium, which creates excess demand

Minimum price 最低限价 — a legal floor set ABOVE equilibrium, which creates excess supply

The firm and market structure

Fixed cost 固定成本 — a cost that does not vary with output in the short run

Marginal cost 边际成本 — the addition to total cost from producing one more unit

Law of diminishing returns 边际报酬递减 — as more of a variable factor is added to a fixed factor, the marginal product of the variable factor eventually falls

Economies of scale 规模经济 — the fall in long-run average cost as the scale of output rises

Perfect competition 完全竞争 — many buyers and sellers, a homogeneous product, perfect information and free entry and exit, so each firm is a price taker

Monopoly 垄断 — a single seller with high barriers to entry; in Cambridge terms, a firm with more than 25% of the market

Oligopoly 寡头 — a market dominated by a few firms, with interdependent decision-making

Normal profit 正常利润 — the minimum return needed to keep a firm in the industry; it is a cost of production

Supernormal profit 超额利润 — profit above normal profit, earned when average revenue exceeds average cost

Natural monopoly 自然垄断 — an industry where economies of scale are so large that one firm can supply the whole market at lower cost than several

Macroeconomics

Gross domestic product 国内生产总值 — the total value of goods and services produced within a country in a given period

Real GDP 实际 GDP — GDP adjusted for inflation, so it measures a change in output rather than in prices

Economic growth 经济增长 — an increase in real GDP; potential growth is an increase in productive capacity

Inflation 通货膨胀 — a sustained rise in the general price level

Deflation 通货紧缩 — a sustained FALL in the general price level; disinflation is a fall in the RATE of inflation

Demand-pull inflation 需求拉动型通胀 — inflation caused by aggregate demand rising faster than aggregate supply

Cost-push inflation 成本推动型通胀 — inflation caused by a rise in the costs of production, shifting aggregate supply left

Unemployment 失业 — people of working age who are without work, available for work and actively seeking it

Cyclical unemployment 周期性失业 — unemployment caused by a lack of aggregate demand in a downturn

Structural unemployment 结构性失业 — unemployment caused by a mismatch between workers' skills or location and the jobs available

Balance of payments 国际收支 — a record of all transactions between residents of a country and the rest of the world in a period

Current account deficit 经常账户赤字 — where the value of imports of goods, services, income and transfers exceeds exports

Fiscal policy 财政政策 — the use of government spending and taxation to influence aggregate demand

Monetary policy 货币政策 — the use of interest rates and the money supply to influence aggregate demand

Supply-side policy 供给侧政策 — policy aimed at increasing the productive capacity of the economy by improving incentives, skills or competition

Multiplier 乘数 — the ratio of the final change in national income to the initial change in injection that caused it

Terms of trade 贸易条件 — the ratio of an index of export prices to an index of import prices, times 100

Comparative advantage 比较优势 — the ability to produce a good at a lower opportunity cost than another country

Protectionism 贸易保护主义 — the use of tariffs, quotas and subsidies to restrict imports and shield domestic producers