Poverty, public finance, growth and development

Pearson Edexcel · International A-Level · Economics · Vocabulary in context

Word	Example
development /dɪ'veləpmənt/	Better health and schools are signs of **development**, not just higher income.
debt service /det 'sɜ:vɪs/	**Debt service** is the money paid each year on old loans.
absolute poverty /'æbsəlu:t 'pɒvəti/	People in **absolute poverty** cannot pay for food and shelter.
relative poverty /'relətɪv 'pɒvəti/	People in **relative poverty** have much less than most people around them.
Lorenz curve /'lɒrənts kɜ:v/	A **Lorenz curve** shows how equally income is shared.
Gini coefficient /'dʒi:ni ˌkəʊɪ'fɪʃənt/	A higher **Gini coefficient** means more inequality.
progressive tax /prə'gresɪv tæks/	Income tax is a **progressive tax**: richer people pay a bigger share.
regressive tax /rɪ'gresɪv tæks/	A **regressive tax** takes a bigger share from poorer people.
fiscal deficit /'fɪskl 'defɪsɪt/	The government has a **fiscal deficit** when it spends more than it collects.
national debt /'næʃənl det/	The **national debt** is all the money the government owes.

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Human Development Index /'hju:mən dɪ'veləpmənt 'ɪndeks/	The **Human Development Index** combines health, education and income.
capital flight /'kæpɪtl flaɪt/	**Capital flight** happens when money suddenly leaves a country.
transfer payment /'trænsfɜ: 'peɪmənt/	A pension is a **transfer payment**: nothing is produced in return.
crowding out /'kraʊdɪŋ aʊt/	**Crowding out** happens when government borrowing leaves less money for firms.
direct tax /daɪ'rekt tæks/	Income tax is a **direct tax**.
indirect tax /ɪndaɪ'rekt tæks/	VAT is an **indirect tax**. VAT
proportional tax /prə'pɔ:ʃənl tæks/	A **proportional tax** takes the same share of everyone's income.
Laffer curve /'læfə kɜ:v/	The **Laffer curve** says very high tax rates can bring in less money.
automatic stabiliser /ˌɔ:tə'mætɪk 'steɪbəlaɪzə/	Unemployment benefit is an **automatic stabiliser**: it rises by itself in a recession.
structural deficit /'strʌktʃərəl 'defɪsɪt/	A **structural deficit** stays even when the economy is doing well.
microfinance /ˌmaɪkrəʊfaɪ'næns/	**Microfinance** gives very small loans to poor people with no bank.
buffer stock /'bʌfə stɒk/	A **buffer stock** sells stored grain when prices rise.

Word	Example
World Bank /wɜːld bæŋk/	The **World Bank** lends money for roads, schools and dams.
International Monetary Fund /ˌɪntəˈnæʃənl ˈmʌnɪtəri fʌnd/	The **International Monetary Fund** helps countries that cannot pay their debts.

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