T1 scarcity	T1 ceteris paribus	T1 positive statement
T1 normative statement	T1 opportunity cost	T1 production possibility frontier
T1 division of labour	T1 medium of exchange	T1 mixed economy

T1 A claim that can be checked against facts.	T1 Holding every other factor unchanged while one factor is studied.	T1 The condition in which limited resources cannot satisfy all competing wants.
T1 A boundary showing the maximum attainable combinations of two outputs when available resources and technology are used efficiently.	T1 The value of the best alternative forgone when a choice is made.	T1 A claim about what ought to happen, resting on a value judgement.
T1 An economy combining market allocation and private ownership with government intervention and public provision.	T1 Something generally accepted as payment for goods and services.	T1 Splitting production so that each person does one task.

T1 utility	T1 diminishing marginal utility	T1 substitute
T1 complement	T1 price elasticity of demand	T1 income elasticity of demand
T1 cross elasticity of demand	T1 total revenue	T1 price elasticity of supply

T1 Goods or services that can be used in place of each other.	T1 Each extra unit adds less satisfaction than the unit before it.	T1 The satisfaction or benefit a consumer obtains from consuming goods or services.
T1 The percentage change in quantity demanded divided by the percentage change in income.	T1 The percentage change in quantity demanded divided by the percentage change in price.	T1 Goods or services typically used together, so demand for one is linked to the use of the other.
T1 The percentage change in quantity supplied divided by the percentage change in price.	T1 The total income received from selling goods or services before costs are deducted.	T1 The percentage change in quantity demanded of one product divided by the percentage change in another product's price.

T1 equilibrium	T1 excess demand	T1 consumer surplus
T1 producer surplus	T1 price mechanism	T1 indirect tax
T1 tax incidence	T1 subsidy	T2 market failure

T1 The difference between what buyers are willing to pay and what they actually pay, summed across purchases.	T1 The amount by which quantity demanded exceeds quantity supplied at a given price.	T1 A state in which opposing influences balance so there is no tendency for the relevant quantities to change.
T1 A tax on spending or transactions, usually collected by a seller and included in the price paid by a buyer.	T1 The way prices signal scarcity and influence the allocation of resources through demand and supply.	T1 The amount sellers receive above the minimum they would accept for the units sold; in the standard supply model, revenue minus variable cost.
T2 A situation in which markets alone allocate resources inefficiently or fail to provide a socially desirable outcome.	T1 Financial assistance, usually from government, that reduces costs or supports a particular activity.	T1 The distribution of a tax's economic burden between buyers and sellers, which can differ from who legally pays it.

T2 externality	T2 external cost	T2 external benefit
T2 social cost	T2 social benefit	T2 welfare loss
T2 private good	T2 public good	T2 free-rider problem

T2 A gain received by a third party who is outside the deal between buyer and seller.	T2 A cost of production or consumption borne by someone outside the transaction.	T2 A cost or benefit of an activity affecting third parties that is not fully reflected in the decision-maker's private costs or benefits.
T2 A reduction in total economic surplus compared with an efficient allocation of resources.	T2 The gain to society, including gains to people who did not pay.	T2 The total cost to society of an activity, including private costs and external costs borne by others.
T2 The difficulty of financing a shared benefit when people can enjoy it without contributing to its cost.	T2 A good that is non-rival in consumption and non-excludable.	T2 A good that is rival in consumption and excludable.

T2 asymmetric information	T2 moral hazard	T2 market bubble
T2 maximum price	T2 minimum price	T2 tradeable pollution permit
T2 property rights	T2 regulation	T2 government failure

T2 A rise in an asset's price driven partly by expectations of further price rises rather than its underlying returns or value.	T2 Taking bigger risks because someone else will bear the loss.	T2 A situation in which parties to a transaction possess different relevant information.
T2 A right to emit a specified amount of pollution that can be bought and sold within a permit system.	T2 A legal floor below which a good or service may not be sold.	T2 A legal ceiling on the price charged for a good or service.
T2 A situation in which government intervention creates inefficiency or worsens the outcome it was intended to improve.	T2 Rules and oversight used by public authorities to influence or restrict activities.	T2 Recognised rights to use, control, transfer or receive benefits from a resource or asset.

T3 gross national income	T3 purchasing power parity	T3 recession
T3 inflation	T3 deflation	T3 disinflation
T3 consumer price index	T3 unemployment	T3 underemployment

T3 A significant, sustained decline in an economy's overall activity.	T3 A comparison of currencies based on the amounts needed to buy a comparable basket of goods and services.	T3 Total income earned by a country's residents, at home and abroad.
T3 A fall in the rate of inflation while the general price level continues to rise.	T3 A sustained fall in the general price level of goods and services.	T3 A sustained increase in the general price level of goods and services.
T3 A situation in which people have work but would like and are available for more hours, or their skills are insufficiently used.	T3 The state of being without work while willing and available to work and actively seeking a job.	T3 An index tracking changes in the cost of a representative basket of goods and services purchased by consumers.

T3 balance of payments	T3 aggregate demand	T3 savings ratio
T3 aggregate supply	T3 circular flow of income	T3 multiplier
T3 marginal propensity to consume	T4 central bank	T4 incentive

T3 The proportion of disposable income that is saved.	T3 Total planned spending on an economy's goods and services at different general price levels.	T3 A record of economic transactions between an economy's residents and the rest of the world over a period.
T3 A number by which another quantity is multiplied.	T3 A model showing flows of income, expenditure and resources between households, firms and other sectors of an economy.	T3 The total output firms are willing and able to produce at different general price levels over a specified period.
T4 A reward, penalty or other influence that encourages a particular action or choice.	T4 The institution responsible for a country's monetary policy and the management of its currency and banking reserves.	T3 The proportion of an additional unit of disposable income that is spent on consumption.

T4 infrastructure	T4 regional policy	T4 reflationary
T4 deflationary	T4 inflation target	T4 trade-off
T4 Phillips curve	T4 supply-side policy	T4 productivity

T4 Of policy: raising aggregate demand, for example by cutting taxes.	T4 Government measures to help poorer regions, such as grants for firms that locate there.	T4 Basic facilities and networks, such as transport, energy and communications, that support economic and social activity.
T4 A choice that involves giving up some benefit or objective to gain another.	T4 A stated rate or range of price-level growth that monetary policy aims to achieve over a specified horizon.	T4 Of policy: reducing aggregate demand, for example by raising interest rates.
T4 Output produced per unit of input over a given period.	T4 Measures intended to improve an economy's productive capacity, efficiency or incentives to supply goods and services.	T4 A relationship between inflation and unemployment, often represented as an inverse association in the short run.

T4 deregulation	T4 privatisation	T4 government failure
T4 fiscal policy	T4 monetary policy	T4 multiplier
T4 spare capacity	T4 price level	T4 quantitative easing

T4 A situation in which government intervention creates inefficiency or worsens the outcome it was intended to improve.	T4 Selling firms owned by the state to private owners.	T4 Removal or reduction of rules restricting economic activity or market entry.
T4 A number by which another quantity is multiplied.	T4 Actions by a monetary authority to influence interest rates, credit or money conditions in pursuit of economic objectives.	T4 Government decisions about taxation and spending used to influence economic activity.
T4 Central-bank purchases of financial assets financed by newly created central-bank money, intended to ease monetary conditions.	T4 A measure of the average level of prices across an economy.	T4 The difference between current output and the output that could be produced with available resources.

T4 bond	T4 base rate	T4 lender of last resort
T4 time lags	T4 budget deficit	T4 percentage points
T4 exchange rate	T4 net exports	T4 cost-push

T4 An institution, usually a central bank, providing emergency liquidity when other sources are unavailable.	T4 A central bank's policy interest rate that influences other interest rates in the economy.	T4 A loan to a government or firm that pays interest and is repaid at a set date.
T4 The arithmetic difference between two percentages.	T4 The amount by which spending exceeds revenue over a given period.	T4 Delays between a change or decision and its implementation or effects.
T4 Describing inflationary pressure caused by rising production costs that reduce aggregate supply.	T4 The value of exports minus the value of imports over a period.	T4 The price of one currency expressed in units of another currency.

T5 type	T5 small and medium enterprise	T5 law of diminishing returns
T5 profit maximisation	T5 principal-agent problem	T5 normal profit
T5 supernormal profit	T5 minimum efficient scale	T5 concentration ratio

T5 With some inputs fixed, adding more of a variable input eventually produces smaller increases in output.	T5 A business classed as small or medium under the applicable employment, turnover or other size criteria.	T5 A category or kind sharing specified characteristics; its meaning depends on what is being classified.
T5 The minimum return needed to keep an entrepreneur's resources in their current use, included in economic opportunity cost.	T5 A conflict arising when an agent acting for a principal has different incentives and the principal cannot fully monitor the agent's actions.	T5 Choosing actions intended to achieve the greatest possible difference between total revenue and total cost.
T5 The proportion of a market accounted for by a stated number of its largest firms.	T5 The smallest output at which long-run average cost is lowest.	T5 Profit above normal profit, after all opportunity costs have been counted.

T5 perfect competition	T5 monopolistic competition	T5 oligopoly
T5 Nash equilibrium	T5 cartel	T5 monopoly
T5 natural monopoly	T5 third-degree price discrimination	T5 monopsony

T5 A market dominated by a small number of interdependent large firms.	T5 A market structure with many firms offering differentiated products and relatively easy entry and exit.	T5 A market with many firms, an identical product, and free entry.
T5 A market structure in which a single seller supplies a good or service with no close substitutes.	T5 A group of producers coordinating price, output or market allocation in an attempt to act collectively like a monopoly.	T5 A combination of strategies in which no participant can improve their payoff by changing their own strategy alone while others keep theirs unchanged.
T5 A market with a single buyer of a good, service or factor of production.	T5 Charging different groups of buyers different prices.	T5 A market in which one firm can supply total demand at a lower average cost than competing firms could.

T5 contestability	T5 demerger	T6 derived demand
T6 trade union	T6 geographical immobility	T6 occupational immobility
T6 maximum wage	T6 minimum wage	T6 regulatory capture

T6 Demand for an input that arises from demand for the goods or services it helps produce.	T5 The separation of part of a company into an independent business.	T5 The extent to which potential entry and exit can constrain firms already in a market.
T6 Difficulty moving labour between occupations because skills or qualifications do not match available jobs.	T6 Difficulty moving labour between locations to take available work.	T6 Organisations of workers that represent members' interests and negotiate with employers.
T6 A situation in which a regulator comes to act in the interests of the industry it regulates rather than the public interest.	T6 The lowest wage rate that an employer is legally permitted to pay covered workers.	T6 A legal ceiling on the wage that may be paid.

T6 nationalisation	T6 privatisation	T7 specialisation
T7 trading bloc	T7 balance of payments	T7 comparative advantage
T7 opportunity cost	T7 globalisation	T7 transnational company

T7 Concentrating production or work on a limited range of tasks or products.	T6 Selling firms owned by the state to private owners.	T6 Bringing a private firm into ownership by the state.
T7 The ability to produce a good or service at a lower opportunity cost than another producer.	T7 A record of economic transactions between an economy's residents and the rest of the world over a period.	T7 A group of countries that reduce trade barriers among themselves.
T7 A company with business operations in more than one country.	T7 The increasing connections and interdependence between countries through trade, investment, communication and other flows.	T7 The value of the best alternative forgone when a choice is made.

T7 foreign direct investment	T7 migration	T7 trade liberalisation
T7 economies of scale	T7 consumer surplus	T7 absolute advantage
T7 terms of trade	T7 free-trade area	T7 customs union

T7 Reducing tariffs and other barriers to trade.	T7 The movement of people from one place to another to live there.	T7 Investment that establishes a lasting ownership interest and significant influence in a business in another country.
T7 The ability to produce more output with the same resources, or the same output with fewer resources, than another producer.	T7 The difference between what buyers are willing to pay and what they actually pay, summed across purchases.	T7 Falls in average production cost as the scale of output increases.
T7 A free trade area with a common external tariff.	T7 A group of countries that remove trade barriers among themselves while retaining separate external trade policies.	T7 The ratio of a country's export prices to its import prices, usually expressed as an index.

T7 common market	T7 trade creation	T7 trade diversion
T7 protectionism	T7 dumping	T7 tariff
T7 quota	T7 subsidy	T7 deadweight loss

T7 Trade shifting from a cheaper non-member to a dearer member after a bloc forms.	T7 Trade shifting to a cheaper member after a bloc forms.	T7 An economic grouping allowing free movement of goods, services, labour and capital among its members.
T7 A tax imposed on imported goods.	T7 Selling exports at a price below the comparable home-market price or an appropriate cost benchmark.	T7 Policies that restrict imports or favour domestic producers over foreign competitors.
T7 The loss of total economic surplus when a market produces an inefficient quantity.	T7 Financial assistance, usually from government, that reduces costs or supports a particular activity.	T7 A fixed limit on the quantity of a good that may be produced, sold or imported.

T7 current account	T7 fixed exchange rate	T7 managed exchange rate
T7 floating exchange rate	T7 quantitative easing	T7 purchasing power parity
T7 speculation	T7 revaluation	T7 appreciation

T7 An exchange-rate arrangement in which authorities intervene to influence a currency's value while allowing some market movement.	T7 An exchange rate maintained at a stated peg by the monetary authorities.	T7 The part of the balance of payments recording trade in goods and services, primary income and secondary income.
T7 A comparison of currencies based on the amounts needed to buy a comparable basket of goods and services.	T7 Central-bank purchases of financial assets financed by newly created central-bank money, intended to ease monetary conditions.	T7 An exchange rate largely determined by currency demand and supply in the foreign-exchange market.
T7 An increase in the value of an asset or currency.	T7 A government raising the value of a fixed exchange rate.	T7 Buying or selling assets in the hope of profiting from future price changes while accepting the risk of loss.

T7

devaluation

T7

depreciation

T7

Marshall–Lerner condition

T7

J-curve

T7

retaliation

T7

deindustrialisation

T8

quintile

T8

geometric mean

T8

structural

T7 Under the model's assumptions, a depreciation improves the trade balance if the sum of the absolute price elasticities of demand for exports and imports exceeds one.	T7 A fall in the value of an asset or currency over time.	T7 A government lowering the value of a fixed exchange rate.
T7 The decline of manufacturing's share of output and jobs.	T7 A response against another party's action, such as imposing trade restrictions after a partner introduces tariffs.	T7 A pattern in which a currency depreciation initially worsens the trade balance before it improves as quantities adjust.
T8 Describing economic effects caused by underlying features or changes in the organisation of production and labour markets.	T8 The nth root of the product of n values, used in the HDI.	T8 One fifth of a population ranked by income.

T8 cyclical	T8 absolute poverty	T8 relative poverty
T8 welfare benefits	T8 structural change	T8 wealth inequality
T8 income inequality	T8 Lorenz curve	T8 Gini coefficient

T8 Having resources substantially below the standard of living typical in the surrounding society.	T8 Being unable to buy the basics needed to stay alive.	T8 Related to recurring expansions and contractions in economic activity.
T8 Differences in the distribution of accumulated assets net of liabilities among people or households.	T8 A long-term shift in an economy's industries or jobs.	T8 Payments from government to people in need.
T8 A numerical measure of inequality in a distribution, with zero representing complete equality.	T8 A graph comparing the cumulative share of income or wealth with the cumulative share of the population, ordered from poorest to richest.	T8 Differences in how income received over a period is distributed among people or households.

T8 inheritance	T8 life expectancy	T8 transfer payments
T8 crowding out	T8 progressive	T8 proportional
T8 regressive	T8 Laffer curve	T8 fiscal deficit

T8 Payments made without receiving currently produced goods or services directly in return, such as certain benefits or grants.	T8 The average number of years a person is expected to live from a stated age under specified mortality conditions.	T8 The transfer of a deceased person's assets or rights to beneficiaries.
T8 Describing a tax that takes the same proportion of the tax base, such as income, at different levels of that base.	T8 Describing a tax whose average rate increases as the taxable income increases.	T8 A reduction in private spending or investment caused by increased government activity, often through higher interest rates.
T8 The excess of government spending over government revenue during a stated period.	T8 A proposed relationship between a tax rate and tax revenue, illustrating that higher rates need not always raise more revenue.	T8 Describing a tax whose burden falls as a proportion of income as income rises.

T8 national debt	T8 automatic stabilisers	T8 discretionary
T8 intergenerational equity	T8 direct controls	T8 Human Development Index
T8 GNI per capita	T8 primary product dependency	T8 savings gap

T8 Describing a policy change made through an active decision rather than an automatic rule.	T8 Taxes and benefits that rise and fall with the economy on their own, damping fluctuations.	T8 The outstanding stock of government borrowing at a point in time, distinct from a budget deficit measured over a period.
T8 A composite measure of human development combining life expectancy, education and income per person.	T8 Government limits such as price caps or import quotas.	T8 Fairness between present and future generations.
T8 A shortfall of domestic saving relative to the investment needed for a development objective.	T8 Reliance on producing or exporting primary commodities, making income vulnerable to commodity-price and demand changes.	T8 Gross national income divided by population.

T8 capital flight	T8 corruption	T8 microfinance
T8 joint venture	T8 buffer stock	T8 Lewis dual-sector model
T8 debt relief	T8 conditionality	

T8 Small-scale financial services, including credit or savings, intended for people or businesses with limited access to conventional finance.	T8 Dishonest use of power for private gain.	T8 Money leaving a country quickly through fear of instability.
T8 A development model in which surplus labour moves from a traditional subsistence sector into a modern sector as investment expands.	T8 A store of a commodity bought and sold to stabilise its price.	T8 A business arrangement in which two or more parties cooperate on an enterprise and share its risks and returns.
	T8 Conditions attached to loans or aid, such as policy reforms.	T8 Cancelling or reducing poor countries' debts.