

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 Phillips curve	T4 supply-side policy

T3	T3	T3
The proportion of disposable income that is saved.	Total planned spending on an economy's goods and services at different general price levels.	A record of economic transactions between an economy's residents and the rest of the world over a period.
T3	T3	T3
A number by which another quantity is multiplied.	A model showing flows of income, expenditure and resources between households, firms and other sectors of an economy.	The total output firms are willing and able to produce at different general price levels over a specified period.
T4	T4	T3
Measures intended to improve an economy's productive capacity, efficiency or incentives to supply goods and services.	A relationship between inflation and unemployment, often represented as an inverse association in the short run.	The proportion of an additional unit of disposable income that is spent on consumption.

T4 fiscal policy	T4 monetary policy	T4 quantitative easing
T4 base rate	T4 inflation target	T4 lender of last resort
T4 privatisation	T4 deregulation	T5 type

T4 Central-bank purchases of financial assets financed by newly created central-bank money, intended to ease monetary conditions.	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 An institution, usually a central bank, providing emergency liquidity when other sources are unavailable.	T4 A stated rate or range of price-level growth that monetary policy aims to achieve over a specified horizon.	T4 A central bank's policy interest rate that influences other interest rates in the economy.
T5 A category or kind sharing specified characteristics; its meaning depends on what is being classified.	T4 Removal or reduction of rules restricting economic activity or market entry.	T4 Selling firms owned by the state to private owners.

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 perfect competition

T5 Choosing actions intended to achieve the greatest possible difference between total revenue and total cost.	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 Profit above normal profit, after all opportunity costs have been counted.	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 A market with many firms, an identical product, and free entry.	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 monopolistic competition	T5 oligopoly	T5 Nash equilibrium
T5 cartel	T5 monopoly	T5 natural monopoly
T5 third-degree price discrimination	T5 monopsony	T5 contestability

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 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 in which one firm can supply total demand at a lower average cost than competing firms could.	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 The extent to which potential entry and exit can constrain firms already in a market.	T5 A market with a single buyer of a good, service or factor of production.	T5 Charging different groups of buyers different prices.

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

T6 Organisations of workers that represent members' interests and negotiate with employers.	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.
T6 A legal ceiling on the wage that may be paid.	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 Bringing a private firm into ownership by the state.	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 privatisation	T7 globalisation	T7 transnational company
T7 foreign direct investment	T7 terms of trade	T7 tariff
T7 protectionism	T7 dumping	T7 free-trade area

T7	T7	T6
A company with business operations in more than one country.	The increasing connections and interdependence between countries through trade, investment, communication and other flows.	Selling firms owned by the state to private owners.
T7	T7	T7
A tax imposed on imported goods.	The ratio of a country's export prices to its import prices, usually expressed as an index.	Investment that establishes a lasting ownership interest and significant influence in a business in another country.
T7	T7	T7
A group of countries that remove trade barriers among themselves while retaining separate external trade policies.	Selling exports at a price below the comparable home-market price or an appropriate cost benchmark.	Policies that restrict imports or favour domestic producers over foreign competitors.

T7 common market	T7 fixed exchange rate	T7 managed exchange rate
T7 floating exchange rate	T7 depreciation	T7 Marshall–Lerner condition
T7 J-curve	T8 absolute poverty	T8 relative poverty

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 An economic grouping allowing free movement of goods, services, labour and capital among its members.
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 An exchange rate largely determined by currency demand and supply in the foreign-exchange market.
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.	T7 A pattern in which a currency depreciation initially worsens the trade balance before it improves as quantities adjust.

T8 wealth inequality	T8 income inequality	T8 Lorenz curve
T8 Gini coefficient	T8 Laffer curve	T8 savings gap
T8 Lewis dual-sector model	T8 primary product dependency	T8 national debt

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 Differences in the distribution of accumulated assets net of liabilities among people or households.
T8 A shortfall of domestic saving relative to the investment needed for a development objective.	T8 A proposed relationship between a tax rate and tax revenue, illustrating that higher rates need not always raise more revenue.	T8 A numerical measure of inequality in a distribution, with zero representing complete equality.
T8 The outstanding stock of government borrowing at a point in time, distinct from a budget deficit measured over a period.	T8 Reliance on producing or exporting primary commodities, making income vulnerable to commodity-price and demand changes.	T8 A development model in which surplus labour moves from a traditional subsistence sector into a modern sector as investment expands.

T8 fiscal deficit	T8 Human Development Index

T8 A composite measure of human development combining life expectancy, education and income per person.	T8 The excess of government spending over government revenue during a stated period.