Choice, models and market adjustment / Elasticity, welfare and policy

Pearson Edexcel · International GCSE · Economics · Vocabulary in context

Word	Example
scarcity /ˈskeəsɪti/	**Scarcity** means we cannot have everything we want.
opportunity cost /ɒpəˈtjuːnɪti kɒst/	The **opportunity cost** of a holiday is what else you could have bought.
equilibrium /ˌiːkwɪˈlɪbrɪəm/	At **equilibrium**, the amount people want to buy equals the amount for sale.
excess demand /ekˈses dɪˈmænd/	**Excess demand** means people want more than is for sale, so queues form.
elasticity /ɪlæˈstɪsɪti/	**Elasticity** measures how much one thing changes when another changes.
tax incidence /tæks ˈɪnsɪdəns/	**Tax incidence** shows who really pays a tax.
external cost /ekˈstɜːnl kɒst/	Noise from a factory is an **external cost** to its neighbours.
welfare /ˈwelfeə/	**Welfare** means how well off people are.

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