Business competition, the labour market and government intervention

Pearson Edexcel · International GCSE · Economics · Vocabulary in context

Word	Example
competition /ˌkɒmpəˈtɪʃn/	**Competition** between firms keeps prices low.
innovation /ˌɪnəˈveɪʃn/	A useful new production method is an **innovation**.
niche market /niːʃ ˈmɑːkɪt/	A **niche market** serves a small specialised customer group.
monopoly /məˈnɒpəli/	A **monopoly** is the only seller in a market.
monopoly power /məˈnɒpəli ˈpaʊə/	The government watches firms with **monopoly power** closely.
price maker /praɪs ˈmeɪkə/	A monopoly is a **price maker**: it can set its own price.
barriers to entry /ˈbærɪəz tʊ ˈentri/	High start-up costs can act as **barriers to entry**.
patents	**Patents** protect inventions and can restrict entry.
oligopoly /ˌɒlɪˈgɒpəli/	In an **oligopoly**, a few big firms control the market.
differentiated /ˌdɪfəˈrenʃɪeɪtɪd/	Brands of shampoo are **differentiated** products.
collude	Firms that **collude** agree to keep prices high.
non-price competition /nɒn praɪs ˌkɒmpəˈtɪʃn/	Better service is a form of **non-price competition**.

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price war	A **price war** involves repeated price cuts by rivals.
cartel /kɑːˈtel/	OPEC is a **cartel**: its members agree how much oil to produce. OPEC
demand for labour /dɪˈmænd fɔː ˈleɪbə/	The **demand for labour** rises when firms sell more.
derived demand /dɪˈraɪvd dɪˈmænd/	The demand for hotel cleaners is a **derived demand** from the demand for hotel rooms.
supply of labour /səˈplaɪ ɒv ˈleɪbə/	The **supply of labour** rises when more people want to work.
migration /maɪˈgreɪʃn/	**Migration** moves workers from one country to another.
human capital /ˈhjuːmən ˈkæpɪtl/	Training builds workers' **human capital**.
taxation /tækˈseɪʃn/	**Taxation** pays for schools and hospitals.
regulation /ˌregjʊˈleɪʃn/	**Regulation** sets rules that firms must follow.
mergers /ˈmɜːdʒəz/	**Mergers** happen when two firms agree to join into one.
trade union /treɪd ˈjuːnɪən/	A **trade union** speaks for workers when they ask for higher pay.
subsidy /ˈsʌbsɪdi/	A **subsidy** is money from the government that lowers a firm's costs.
fine /faɪn/	The factory paid a **fine** for polluting the river.

Word	Example
pollution permit /pəˈluːʃn ˈpɜːmɪt/	A **pollution permit** lets a firm pollute up to a set amount.
minimum wage /ˈmɪnɪməm weɪdʒ/	A **minimum wage** is the lowest pay allowed by law.

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