T1 economics	T1 scarcity	T1 opportunity cost
T1 resources	T1 scientific method	T1 model
T1 ceteris paribus	T1 key concepts	T2 demand

T1 The value of the best alternative forgone when a choice is made.	T1 The condition in which limited resources cannot satisfy all competing wants.	T1 The study of choices about allocating scarce resources and of the production, distribution and consumption of goods and services.
T1 A simplified representation of a system used to explain, analyse or predict its behaviour.	T1 A way of studying the world: observe, form a hypothesis, test it with evidence, then accept or reject it.	T1 Inputs or assets available for use in achieving a purpose.
T2 The quantity of a good or service that buyers are willing and able to purchase at different prices over a period.	T1 Scarcity, choice, efficiency, equity, well-being, sustainability, change, interdependence, intervention.	T1 ”all other things equal” – isolate one relationship at a time.

T2 supply	T2 consumer surplus	T2 producer surplus
T2 allocative efficiency	T2 price elasticity of demand	T2 price elasticity of supply
T2 indirect tax	T2 subsidy	T2 maximum price

T2 The amount sellers receive above the minimum they would accept for the units sold; in the standard supply model, revenue minus variable cost.	T2 The difference between what buyers are willing to pay and what they actually pay, summed across purchases.	T2 The quantity sellers are willing and able to offer at different prices over a specified period.
T2 The percentage change in quantity supplied divided by the percentage change in price.	T2 The percentage change in quantity demanded divided by the percentage change in price.	T2 An allocation of resources that maximises total net benefit; at the efficient output, marginal social benefit equals marginal social cost.
T2 A legal price ceiling set below the market price, which creates excess demand.	T2 Financial assistance, usually from government, that reduces costs or supports a particular activity.	T2 A tax on spending or transactions, usually collected by a seller and included in the price paid by a buyer.

T2 minimum price	T2 export ban	T2 buffer stock
T2 cash transfer	T3 externality	T3 marginal social cost
T3 marginal social benefit	T3 common pool resources	T3 public good

T2 A scheme that buys a commodity when its price is low and sells when high to steady prices.	T2 A government rule forbidding the export of a good, often to keep domestic supply and prices stable.	T2 A legal price floor set above the market price, which creates excess supply.
T3 The additional total cost to society of producing or consuming one more unit, including private and external costs.	T3 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 direct payment of money from the government to households, often the poor.
T3 A good that is non-rival in consumption and non-excludable.	T3 Resources that anyone can use but that run out when overused, such as fish stocks.	T3 The total benefit to society of one more unit: the private benefit plus any external benefit.

T3 free-rider problem	T3 equity	T3 poverty
T3 cap and trade	T3 carbon tax	T3 carbon leakage
T4 asymmetric information	T4 market power	T4 market structures

T3 A condition in which people lack sufficient resources to meet basic needs or an accepted minimum standard of living.	T3 Fairness in the distribution of resources, opportunities or outcomes, taking relevant differences in circumstances into account.	T3 The difficulty of financing a shared benefit when people can enjoy it without contributing to its cost.
T3 Polluting production moving to countries with weaker climate rules.	T3 A tax on each unit of carbon dioxide emitted, making polluters pay the external cost.	T3 A scheme setting a limit on total pollution and letting firms buy and sell permits within it.
T4 Types of market by number of firms and barriers: perfect competition, monopolistic competition, oligopoly, monopoly.	T4 A firm's ability to raise its price above the competitive level without losing all its customers.	T4 A situation in which parties to a transaction possess different relevant information.

T4 adverse selection	T4 moral hazard	T4 screening
T4 signalling	T4 warranty	T4 government regulation
T4 excess	T4 total revenue	T4 average revenue

T4 The less-informed party gathering information to sort the other side, such as insurers checking health.	T4 When someone takes more risk after an agreement because someone else bears the cost.	T4 When one side's hidden information before an agreement attracts the wrong buyers or sellers.
T4 Rules set by government to control how firms or markets behave.	T4 A seller's promise to repair or replace a faulty product, signalling quality.	T4 Prices communicating information about scarcity and changing demand or supply to buyers and sellers.
T4 Total sales revenue divided by the quantity sold.	T4 The total income from sales, equal to price multiplied by quantity for a single product at one price.	T4 The part of an insurance claim the insured person must pay, reducing moral hazard.

T4 marginal revenue	T4 marginal cost	T4 average total cost
T4 profit maximisation	T4 normal profit	T4 abnormal profit
T4 loss	T4 allocative efficiency	T4 productive efficiency

T4 Total cost divided by the quantity of output produced.	T4 The additional total cost of producing one more unit of output.	T4 The additional total revenue obtained from selling one extra unit of output.
T4 Profit above normal profit, when revenue exceeds all economic costs.	T4 The minimum return needed to keep an entrepreneur's resources in their current use, included in economic opportunity cost.	T4 Choosing actions intended to achieve the greatest possible difference between total revenue and total cost.
T4 Production at the lowest attainable average total cost for the relevant technology and scale.	T4 An allocation of resources that maximises total net benefit; at the efficient output, marginal social benefit equals marginal social cost.	T4 The amount by which total cost exceeds total revenue over the period being measured.

T4 perfect competition	T4 homogeneous	T4 barriers to entry
T4 price-taker	T4 monopoly	T4 substitutes
T4 price-maker	T4 economies of scale	T4 patents

T4 Obstacles that make it difficult for new firms to enter a market.	T4 Of products: identical whichever firm sells them.	T4 P = MR; entry and exit bring normal profit in the long run.
T4 Goods or services that can be used in place of each other.	T4 A market structure in which a single seller supplies a good or service with no close substitutes.	T4 A firm too small to affect the market price, as in perfect competition.
T4 Legal rights giving an inventor sole use of an invention for a set time: a barrier to entry.	T4 Falls in average production cost as the scale of output increases.	T4 It faces the downward-sloping market demand.

T4 network effects	T4 deadweight loss	T4 X-inefficiency
T4 research and development	T4 dynamic efficiency	T4 natural monopoly
T4 subsidy	T4 monopolistic competition	T4 product differentiation

T4 Costs above the lowest possible because a firm lacks competitive pressure.	T4 The loss of total economic surplus when a market produces an inefficient quantity.	T4 A platform is more useful when everyone.
T4 A market in which one firm can supply total demand at a lower average cost than competing firms could.	T4 Efficiency over time from innovation that lowers costs and improves products.	T4 Spending on inventing and improving products and processes.
T4 Making a product appear or function differently from competing products so buyers do not regard them as identical.	T4 A market structure with many firms offering differentiated products and relatively easy entry and exit.	T4 Financial assistance, usually from government, that reduces costs or supports a particular activity.

T4 non-price competition	T4 excess capacity	T4 oligopoly
T4 interdependence	T4 game theory	T4 dominant strategy
T4 Nash equilibrium	T4 collusion	T4 cartel

T4 A market dominated by a small number of interdependent large firms.	T4 In the monopolistic-competition model, the gap between a firm's output and the output that minimises its average total cost.	T4 Competition through features such as quality, service, design or advertising rather than a lower selling price.
T4 A choice that is best for a player whatever the other player does.	T4 The study of strategic decisions in which each participant's outcome depends on other participants' choices.	T4 In oligopoly, each firm's best decision depending on what rivals do.
T4 A group of producers coordinating price, output or market allocation in an attempt to act collectively like a monopoly.	T4 Firms agreeing to limit competition, such as fixing prices.	T4 A combination of strategies in which no participant can improve their payoff by changing their own strategy alone while others keep theirs unchanged.

T4 tacit collusion	T4 price leader	T4 price war
T4 concentration ratio	T4 competition law	T4 mergers
T4 government ownership	T4 trade liberalisation	T5 factors of production

T4 Firms repeatedly cutting prices to win customers from rivals.	T4 A dominant firm whose price changes others follow.	T4 Firms coordinating behaviour without a formal agreement, such as following a price leader.
T4 Two firms combining into one.	T4 Laws banning cartels and abuse of market power.	T4 The combined market share of the largest firms in an industry.
T5 The inputs used to produce goods and services: land, labour, capital and enterprise.	T4 Reducing tariffs and other barriers to trade.	T4 The state owning and running a firm or industry.

T5 leakages	T5 injections	T5 gross domestic product
T5 gross national income	T5 nominal GDP	T5 real GDP
T5 GDP per capita	T5 purchasing power parity	T5 informal economy

T5 The value of final goods and services produced within an economy's territory over a specified period.	T5 Spending entering the circular flow from investment, government purchases and exports.	T5 Saving, taxes and imports: income taken out of the circular flow.
T5 The value of an economy's output adjusted for changes in prices.	T5 The value of an economy's output measured at current prices.	T5 GDP plus income earned abroad by residents minus income paid to foreigners.
T5 Economic activity that operates partly or wholly outside formal registration, regulation or official recording.	T5 An exchange rate adjusted so the same basket of goods costs the same everywhere, for fair comparison.	T5 Gross domestic product divided by population; an average measure of output per person rather than a measure of how income is distributed.

T5 Human Development Index	T5 trend	T5 boom
T5 recession	T5 recovery	T5 output gap
T5 aggregate demand	T5 short-run aggregate supply	T5 monetarist

T5 A period of strong economic activity, often with rapid growth and high demand.	T5 The general direction in which a quantity or pattern changes over time.	T5 A composite measure of human development combining life expectancy, education and income per person.
T5 The difference between actual output and potential output.	T5 A phase in which economic activity rises again after a downturn.	T5 A significant, sustained decline in an economy's overall activity.
T5 The view that markets self-correct and inflation comes from too much money.	T5 The relationship between the overall price level and total output firms supply while some input prices remain fixed.	T5 Total planned spending on an economy's goods and services at different general price levels.

T5 long-run aggregate supply	T5 potential output	T5 Keynesian
T5 recessionary gap	T5 inflationary gap	T5 multiplier
T5 marginal propensity to consume	T5 unemployed	T5 labour force

T5 The view that economies can stay in recession and government spending should fill the gap.	T5 The output gap.	T5 The total output an economy can sustainably produce when resources and prices have fully adjusted.
T5 A number by which another quantity is multiplied.	T5 The price level is pushed up.	T5 When real GDP is below potential output, with unemployment.
T5 The people who are employed or are unemployed and actively seeking and available for work, under the definition used.	T5 Without employment, available for work and actively seeking work under the applicable statistical definition; some definitions also include workers awaiting recall from temporary layoff.	T5 The proportion of an additional unit of disposable income that is spent on consumption.

T5 discouraged workers	T5 natural rate of unemployment	T5 inflation
T5 deflation	T5 disinflation	T5 consumer price index
T5 demand-pull inflation	T5 cost-push inflation	T5 short-run Phillips curve

T5 A sustained increase in the general price level of goods and services.	T5 The unemployment rate associated with normal frictional and structural unemployment when the economy has no cyclical unemployment.	T5 People who have stopped looking for work, so they are not counted as unemployed.
T5 An index tracking changes in the cost of a representative basket of goods and services purchased by consumers.	T5 A fall in the rate of inflation, with prices still rising.	T5 A sustained fall in the general price level of goods and services.
T5 A modelled inverse relationship between inflation and unemployment in the short run, holding expected inflation and relevant supply conditions constant.	T5 Inflation from rising costs of production, such as wages or oil.	T5 Inflation from aggregate demand growing faster than output.

T5 long-run Phillips curve	T5 stagflation	T5 economic growth
T5 government debt	T5 credit rating agencies	T5 income
T5 wealth	T5 Lorenz curve	T5 Gini coefficient

T5 An increase in an economy's real output of goods and services over time.	T5 A combination of inflation with stagnant economic activity and high unemployment.	T5 In the expectations-adjusted model, a vertical relationship at the natural unemployment rate, indicating no permanent inflation-unemployment trade-off.
T5 Money received by a person or organisation over a period.	T5 Firms that rate how likely borrowers, including governments, are to repay.	T5 The total amount the government owes from past borrowing.
T5 A numerical measure of inequality in a distribution, with zero representing complete equality.	T5 A graph comparing the cumulative share of income or wealth with the cumulative share of the population, ordered from poorest to richest.	T5 The value of assets a person owns at a point in time.

T5 absolute poverty	T5 relative poverty	T5 Multidimensional Poverty Index
T5 progressive taxes	T5 regressive tax	T5 transfer payments
T5 average tax rate	T5 marginal tax rate	T5 equity

T5 An index of poverty from health, education and living-standard deprivations.	T5 Having resources substantially below the standard of living typical in the surrounding society.	T5 Income below what is needed for basic needs, such as US$2.15 a day.
T5 Payments made without receiving currently produced goods or services directly in return, such as certain benefits or grants.	T5 A tax taking a larger share of income from the poor than the rich.	T5 Taxes for which the average tax rate rises as the taxable base, usually income, increases.
T5 Fairness in the distribution of resources, opportunities or outcomes, taking relevant differences in circumstances into account.	T5 The tax rate on the last unit of income earned.	T5 Total tax paid divided by total income.

T5 efficiency	T5 monetary policy	T5 central bank
T5 inflation target	T5 policy interest rate	T5 open market operations
T5 minimum reserve requirements	T5 quantitative easing	T5 money supply

T5 The institution responsible for a country's monetary policy and the management of its currency and banking reserves.	T5 Actions by a monetary authority to influence interest rates, credit or money conditions in pursuit of economic objectives.	T5 The fraction of total energy or power input converted to useful output.
T5 Buying or selling government.	T5 The interest rate set by the central bank to steer other rates.	T5 A stated rate or range of price-level growth that monetary policy aims to achieve over a specified horizon.
T5 The stock of money available in an economy at a particular time, measured using a specified definition.	T5 A central bank creating money to buy bonds and lower long-term interest rates.	T5 The share of deposits banks.

T5 real interest rate	T5 contractionary	T5 expansionary
T5 fiscal policy	T5 direct taxes	T5 current spending
T5 capital spending	T5 budget deficit	T5 budget surplus

T5 Describing an economic policy intended to increase aggregate demand or economic activity.	T5 Describing an economic policy intended to reduce aggregate demand or restrain economic activity.	T5 An interest rate adjusted for inflation, approximately the nominal rate minus the inflation rate when rates are small.
T5 Government spending on day-to-day items such as wages.	T5 Taxes on income and wealth, paid directly to the government.	T5 Government decisions about taxation and spending used to influence economic activity.
T5 The amount by which revenue exceeds spending over a given period.	T5 The amount by which spending exceeds revenue over a given period.	T5 Government spending on long-lasting assets such as roads.

T5 automatic stabilisers	T5 crowding out	T5 supply-side policies
T5 business cycle	T6 economies of scale	T6 absolute advantage
T6 comparative advantage	T6 opportunity cost	T6 World Trade Organization

T5 Policies intended to improve an economy's productive capacity or efficiency.	T5 A reduction in private spending or investment caused by increased government activity, often through higher interest rates.	T5 Taxes and benefits that change by themselves with the economy, damping fluctuations.
T6 The ability to produce more output with the same resources, or the same output with fewer resources, than another producer.	T6 Falls in average production cost as the scale of output increases.	T5 Fluctuations in economic activity between expansion and contraction over time.
T6 The international body that sets trade rules and settles trade disputes.	T6 The value of the best alternative forgone when a choice is made.	T6 The ability to produce a good or service at a lower opportunity cost than another producer.

T6 trade disputes	T6 tariff	T6 quota
T6 production subsidies	T6 export subsidies	T6 administrative barriers
T6 infant industry	T6 retaliate	T6 dumping

T6 A fixed limit on the quantity of a good that may be produced, sold or imported.	T6 A tax imposed on imported goods.	T6 Disagreements between countries over trade rules or barriers.
T6 Red tape or standards used to make importing difficult.	T6 Payments to firms for each unit they export.	T6 Payments to domestic producers that let them compete with imports.
T6 Selling exports at a price below the comparable home-market price or an appropriate cost benchmark.	T6 To respond to a trade barrier with one's own barrier.	T6 A new industry that may need protection until it grows competitive.

T6 diversification	T6 bilateral	T6 multilateral
T6 preferential trade agreement	T6 trading blocs	T6 free trade area
T6 customs union	T6 common external tariff	T6 common market

T6 Among many countries.	T6 Between two countries.	T6 Expanding into different products, markets or activities to spread risk or seek growth.
T6 Members remove barriers to trade among themselves but keep their own policies toward others.	T6 Groups of countries that agree to reduce trade barriers among themselves.	T6 An agreement giving some countries lower barriers than others.
T6 A customs union with free movement of labour and capital.	T6 The same tariff applied by all members of a customs union to non-members.	T6 A free trade area with a common external tariff.

T6 economic and monetary union	T6 trade diversion	T6 trade creation
T6 exchange rate	T6 floating exchange rate	T6 appreciation
T6 depreciation	T6 hot money	T6 speculate

T6 Trade shifting from a dearer domestic producer to a cheaper member after a bloc forms.	T6 Trade shifting from a cheaper non-member to a dearer member after a bloc forms.	T6 A common market with a single currency and central bank.
T6 An increase in the value of an asset or currency.	T6 An exchange rate largely determined by currency demand and supply in the foreign-exchange market.	T6 The price of one currency expressed in units of another currency.
T6 To buy or sell hoping to profit from future price changes.	T6 Short-term capital moving between countries to chase interest rates or exchange-rate gains.	T6 A fall in the value of an asset or currency over time.

T6 fixed exchange rate	T6 devaluation	T6 revaluation
T6 managed exchange rate	T6 foreign currency reserves	T6 balance of payments
T6 current account	T6 primary income	T6 secondary income

T6 A government raising the value of a fixed exchange rate.	T6 A government lowering the value of a fixed exchange rate.	T6 An exchange rate maintained at a stated peg by the monetary authorities.
T6 A record of economic transactions between an economy's residents and the rest of the world over a period.	T6 Foreign currencies held by the central bank.	T6 A rate mostly set by the market but with central bank intervention.
T6 Transfers between countries with nothing in return, such as remittances and aid.	T6 Income from abroad such as wages, interest, profits and dividends.	T6 The part of the balance of payments recording trade in goods and services, primary income and secondary income.

T6 capital account	T6 financial account	T6 foreign direct investment
T6 portfolio investment	T6 expenditure-switching policies	T6 expenditure-reducing policies
T6 Marshall–Lerner condition	T6 terms of trade	T6 primary products

T6 Investment that establishes a lasting ownership interest and significant influence in a business in another country.	T6 The balance-of-payments account recording cross-border transactions in financial assets and liabilities, such as direct investment, securities and loans.	T6 Small items such as debt forgiveness and the sale of patents or land.
T6 Policies that cut overall spending, and so imports.	T6 Policies, such as tariffs, that shift spending from imports to domestic goods.	T6 Buying foreign shares and bonds without control of the firm.
T6 Raw goods from farming, fishing, forestry and mining.	T6 The ratio of a country's export prices to its import prices, usually expressed as an index.	T6 A depreciation improves the current account if the price elasticities of exports and imports sum to more than one.

T6 economic development	T6 sustainable development	T6 Sustainable Development Goals
T6 composite indicators	T6 Human Development Index	T6 Inequality-adjusted HDI
T6 Gender Inequality Index	T6 poverty trap	T6 capital flight

T6 The 17 UN goals for 2030, such as ending poverty and hunger.	T6 Development that meets present needs while preserving future generations' ability to meet their own needs.	T6 An improvement in living standards and economic opportunities, including health, education and material welfare.
T6 The HDI reduced to reflect inequality in health, education and income.	T6 A composite measure of human development combining life expectancy, education and income per person.	T6 Measures combining several indicators, such as the HDI.
T6 Money leaving a country quickly because of fear of instability.	T6 A self-reinforcing situation in which low income limits the resources needed to escape poverty.	T6 A measure of gender gaps in health, empowerment and the labour market.

T6 landlocked	T6 gender inequality	T6 export promotion
T6 import substitution	T6 multinational corporations	T6 foreign aid
T6 debt relief	T6 microfinance	T6 fair trade

T6 A growth strategy of producing goods for export.	T6 Unequal opportunities and outcomes between men and women.	T6 Having no coastline, which raises trade costs.
T6 Help from other countries in money, goods or services.	T6 Businesses that own or control production or other operations in more than one country.	T6 A strategy of producing at home goods that were imported, behind protection.
T6 Trade that pays producers a guaranteed minimum price and a premium.	T6 Small-scale financial services, including credit or savings, intended for people or businesses with limited access to conventional finance.	T6 Cancelling or reducing the debts of poor countries.

T6 trade protection	T6 economic integration	

	T6 Countries joining their economies more closely, from trade agreements to a common market or currency.	T6 Government measures, such as tariffs and quotas, that limit imports to help domestic producers.