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 factors of production	T4 leakages	T4 injections

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 Spending entering the circular flow from investment, government purchases and exports.	T4 Saving, taxes and imports: income taken out of the circular flow.	T4 The inputs used to produce goods and services: land, labour, capital and enterprise.

T4 gross domestic product	T4 gross national income	T4 nominal GDP
T4 real GDP	T4 GDP per capita	T4 purchasing power parity
T4 informal economy	T4 Human Development Index	T4 trend

T4 The value of an economy's output measured at current prices.	T4 GDP plus income earned abroad by residents minus income paid to foreigners.	T4 The value of final goods and services produced within an economy's territory over a specified period.
T4 An exchange rate adjusted so the same basket of goods costs the same everywhere, for fair comparison.	T4 Gross domestic product divided by population; an average measure of output per person rather than a measure of how income is distributed.	T4 The value of an economy's output adjusted for changes in prices.
T4 The general direction in which a quantity or pattern changes over time.	T4 A composite measure of human development combining life expectancy, education and income per person.	T4 Economic activity that operates partly or wholly outside formal registration, regulation or official recording.

T4 business cycle	T4 boom	T4 recession
T4 recovery	T4 output gap	T4 aggregate demand
T4 short-run aggregate supply	T4 monetarist	T4 long-run aggregate supply

T4 A significant, sustained decline in an economy's overall activity.	T4 A period of strong economic activity, often with rapid growth and high demand.	T4 Fluctuations in economic activity between expansion and contraction over time.
T4 Total planned spending on an economy's goods and services at different general price levels.	T4 The difference between actual output and potential output.	T4 A phase in which economic activity rises again after a downturn.
T4 The total output an economy can sustainably produce when resources and prices have fully adjusted.	T4 The view that markets self-correct and inflation comes from too much money.	T4 The relationship between the overall price level and total output firms supply while some input prices remain fixed.

T4 potential output	T4 Keynesian	T4 recessionary gap
T4 inflationary gap	T4 unemployed	T4 labour force
T4 discouraged workers	T4 inflation	T4 deflation

T4 When real GDP is below potential output, with unemployment.	T4 The view that economies can stay in recession and government spending should fill the gap.	T4 The output gap.
T4 The people who are employed or are unemployed and actively seeking and available for work, under the definition used.	T4 Without employment, available for work and actively seeking work under the applicable statistical definition; some definitions also include workers awaiting recall from temporary layoff.	T4 The price level is pushed up.
T4 A sustained fall in the general price level of goods and services.	T4 A sustained increase in the general price level of goods and services.	T4 People who have stopped looking for work, so they are not counted as unemployed.

T4 disinflation	T4 consumer price index	T4 demand-pull inflation
T4 cost-push inflation	T4 economic growth	T4 income
T4 wealth	T4 Lorenz curve	T4 Gini coefficient

T4 Inflation from aggregate demand growing faster than output.	T4 An index tracking changes in the cost of a representative basket of goods and services purchased by consumers.	T4 A fall in the rate of inflation, with prices still rising.
T4 Money received by a person or organisation over a period.	T4 An increase in an economy's real output of goods and services over time.	T4 Inflation from rising costs of production, such as wages or oil.
T4 A numerical measure of inequality in a distribution, with zero representing complete equality.	T4 A graph comparing the cumulative share of income or wealth with the cumulative share of the population, ordered from poorest to richest.	T4 The value of assets a person owns at a point in time.

T4 absolute poverty	T4 relative poverty	T4 Multidimensional Poverty Index
T4 progressive taxes	T4 regressive tax	T4 transfer payments
T4 equity	T4 efficiency	T4 monetary policy

T4 An index of poverty from health, education and living-standard deprivations.	T4 Having resources substantially below the standard of living typical in the surrounding society.	T4 Income below what is needed for basic needs, such as US$2.15 a day.
T4 Payments made without receiving currently produced goods or services directly in return, such as certain benefits or grants.	T4 A tax taking a larger share of income from the poor than the rich.	T4 Taxes for which the average tax rate rises as the taxable base, usually income, increases.
T4 Actions by a monetary authority to influence interest rates, credit or money conditions in pursuit of economic objectives.	T4 The fraction of total energy or power input converted to useful output.	T4 Fairness in the distribution of resources, opportunities or outcomes, taking relevant differences in circumstances into account.

T4 central bank	T4 inflation target	T4 policy interest rate
T4 open market operations	T4 minimum reserve requirements	T4 quantitative easing
T4 money supply	T4 real interest rate	T4 contractionary

T4 The interest rate set by the central bank to steer other rates.	T4 A stated rate or range of price-level growth that monetary policy aims to achieve over a specified horizon.	T4 The institution responsible for a country's monetary policy and the management of its currency and banking reserves.
T4 A central bank creating money to buy bonds and lower long-term interest rates.	T4 The share of deposits banks.	T4 Buying or selling government.
T4 Describing an economic policy intended to reduce aggregate demand or restrain economic activity.	T4 An interest rate adjusted for inflation, approximately the nominal rate minus the inflation rate when rates are small.	T4 The stock of money available in an economy at a particular time, measured using a specified definition.

T4 expansionary	T4 fiscal policy	T4 direct taxes
T4 current spending	T4 capital spending	T4 budget deficit
T4 budget surplus	T4 automatic stabilisers	T4 crowding out

T4 Taxes on income and wealth, paid directly to the government.	T4 Government decisions about taxation and spending used to influence economic activity.	T4 Describing an economic policy intended to increase aggregate demand or economic activity.
T4 The amount by which spending exceeds revenue over a given period.	T4 Government spending on long-lasting assets such as roads.	T4 Government spending on day-to-day items such as wages.
T4 A reduction in private spending or investment caused by increased government activity, often through higher interest rates.	T4 Taxes and benefits that change by themselves with the economy, damping fluctuations.	T4 The amount by which revenue exceeds spending over a given period.

T4 supply-side policies	T5 economies of scale	T5 absolute advantage
T5 comparative advantage	T5 opportunity cost	T5 World Trade Organization
T5 trade disputes	T5 trade protection	T5 tariff

T5 The ability to produce more output with the same resources, or the same output with fewer resources, than another producer.	T5 Falls in average production cost as the scale of output increases.	T4 Policies intended to improve an economy's productive capacity or efficiency.
T5 The international body that sets trade rules and settles trade disputes.	T5 The value of the best alternative forgone when a choice is made.	T5 The ability to produce a good or service at a lower opportunity cost than another producer.
T5 A tax imposed on imported goods.	T5 Government measures, such as tariffs and quotas, that limit imports to help domestic producers.	T5 Disagreements between countries over trade rules or barriers.

T5 quota	T5 production subsidies	T5 export subsidies
T5 administrative barriers	T5 infant industry	T5 retaliate
T5 dumping	T5 diversification	T5 economic integration

T5 Payments to firms for each unit they export.	T5 Payments to domestic producers that let them compete with imports.	T5 A fixed limit on the quantity of a good that may be produced, sold or imported.
T5 To respond to a trade barrier with one's own barrier.	T5 A new industry that may need protection until it grows competitive.	T5 Red tape or standards used to make importing difficult.
T5 Countries joining their economies more closely, from trade agreements to a common market or currency.	T5 Expanding into different products, markets or activities to spread risk or seek growth.	T5 Selling exports at a price below the comparable home-market price or an appropriate cost benchmark.

T5 bilateral	T5 multilateral	T5 preferential trade agreement
T5 trading blocs	T5 free trade area	T5 customs union
T5 common external tariff	T5 common market	T5 economic and monetary union

T5 An agreement giving some countries lower barriers than others.	T5 Among many countries.	T5 Between two countries.
T5 A free trade area with a common external tariff.	T5 Members remove barriers to trade among themselves but keep their own policies toward others.	T5 Groups of countries that agree to reduce trade barriers among themselves.
T5 A common market with a single currency and central bank.	T5 A customs union with free movement of labour and capital.	T5 The same tariff applied by all members of a customs union to non-members.

T5 trade diversion	T5 trade creation	T5 exchange rate
T5 floating exchange rate	T5 appreciation	T5 depreciation
T5 hot money	T5 speculate	T5 fixed exchange rate

T5 The price of one currency expressed in units of another currency.	T5 Trade shifting from a dearer domestic producer to a cheaper member after a bloc forms.	T5 Trade shifting from a cheaper non-member to a dearer member after a bloc forms.
T5 A fall in the value of an asset or currency over time.	T5 An increase in the value of an asset or currency.	T5 An exchange rate largely determined by currency demand and supply in the foreign-exchange market.
T5 An exchange rate maintained at a stated peg by the monetary authorities.	T5 To buy or sell hoping to profit from future price changes.	T5 Short-term capital moving between countries to chase interest rates or exchange-rate gains.

T5 devaluation	T5 revaluation	T5 managed exchange rate
T5 foreign currency reserves	T5 balance of payments	T5 current account
T5 primary income	T5 secondary income	T5 capital account

T5 A rate mostly set by the market but with central bank intervention.	T5 A government raising the value of a fixed exchange rate.	T5 A government lowering the value of a fixed exchange rate.
T5 The part of the balance of payments recording trade in goods and services, primary income and secondary income.	T5 A record of economic transactions between an economy's residents and the rest of the world over a period.	T5 Foreign currencies held by the central bank.
T5 Small items such as debt forgiveness and the sale of patents or land.	T5 Transfers between countries with nothing in return, such as remittances and aid.	T5 Income from abroad such as wages, interest, profits and dividends.

T5 financial account	T5 foreign direct investment	T5 portfolio investment
T5 expenditure-switching policies	T5 expenditure-reducing policies	T5 economic development
T5 sustainable development	T5 Sustainable Development Goals	T5 composite indicators

T5 Buying foreign shares and bonds without control of the firm.	T5 Investment that establishes a lasting ownership interest and significant influence in a business in another country.	T5 The balance-of-payments account recording cross-border transactions in financial assets and liabilities, such as direct investment, securities and loans.
T5 An improvement in living standards and economic opportunities, including health, education and material welfare.	T5 Policies that cut overall spending, and so imports.	T5 Policies, such as tariffs, that shift spending from imports to domestic goods.
T5 Measures combining several indicators, such as the HDI.	T5 The 17 UN goals for 2030, such as ending poverty and hunger.	T5 Development that meets present needs while preserving future generations' ability to meet their own needs.

T5 Human Development Index	T5 Inequality-adjusted HDI	T5 Gender Inequality Index
T5 poverty trap	T5 capital flight	T5 landlocked
T5 gender inequality	T5 export promotion	T5 import substitution

T5 A measure of gender gaps in health, empowerment and the labour market.	T5 The HDI reduced to reflect inequality in health, education and income.	T5 A composite measure of human development combining life expectancy, education and income per person.
T5 Having no coastline, which raises trade costs.	T5 Money leaving a country quickly because of fear of instability.	T5 A self-reinforcing situation in which low income limits the resources needed to escape poverty.
T5 A strategy of producing at home goods that were imported, behind protection.	T5 A growth strategy of producing goods for export.	T5 Unequal opportunities and outcomes between men and women.

T5 multinational corporations	T5 foreign aid	T5 debt relief
T5 microfinance	T5 fair trade	

T5 Cancelling or reducing the debts of poor countries.	T5 Help from other countries in money, goods or services.	T5 Businesses that own or control production or other operations in more than one country.
	T5 Trade that pays producers a guaranteed minimum price and a premium.	T5 Small-scale financial services, including credit or savings, intended for people or businesses with limited access to conventional finance.