The basic economic problem

IGCSE Economics · Vocabulary in context

Word	Example
resources /rɪˈzɔːsɪz/	Animals compete for **resources** such as food and water.
economic problem /ˌiːkəˈnɒmɪk ˈprɒbləm/	The **economic problem** is that resources are limited but wants are not.
finite /ˈfaɪnaɪt/	Oil is **finite**: one day it will run out.
wants /wɒnts/	People's **wants** are endless, but resources are limited.
scarce /skeəs/	Clean water is **scarce** in many dry countries.
scarcity /ˈskeəsɪti/	**Scarcity** means we cannot have everything we want.
goods /gʊdz/	Shoes and bread are **goods**.
services /ˈsɜːvɪsɪz/	Teaching and transport are **services**.
consumers /kənˈsuːməz/	Animals are **consumers**: they eat other living things.
workers /ˈwɜːkəz/	The factory has 200 **workers**.
producers /prəˈdjuːsəz/	Plants are **producers**.
firms /fɜːmz/	Many **firms** sell phones.
governments /ˈgʌvənmənts/	**Governments** collect taxes.
economic goods /ˌiːkəˈnɒmɪk gʊdz/	Food and phones are **economic goods**: they cost something to make.

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opportunity cost /ɒpəˈtjuːnɪti kɒst/	The **opportunity cost** of a holiday is what else you could have bought.
free goods /friː gʊdz/	Air is one of the **free goods**.
factors of production /ˈfæktəz ɒv prəˈdʌkʃn/	Land, workers and machines are **factors of production**.
land /lænd/	Fields, forests and oil are all **land** in economics.
labour /ˈleɪbə/	**Labour** is the work people do.
capital /ˈkæpɪtl/	Machines and buildings are **capital**.
enterprise /ˈentəpraɪz/	**Enterprise** means taking a risk to start a business.
entrepreneur /ˌɒntrɪprəˈnjɜː/	An **entrepreneur** takes a risk to start a new business.
reward /rɪˈwɔːd/	Wages are the **reward** for labour.
rent /rent/	The farmer pays **rent** for the field.
wages /ˈweɪdʒɪz/	Workers may receive **wages** based on hours worked.
interest /ˈɪntrest/	Banks pay **interest** on savings.
profit /ˈprɒfɪt/	If sales are bigger than costs, the firm makes a **profit**.
mobility /məʊˈbɪlɪti/	Labour **mobility** means workers can move to new jobs or places.
alternative /ɔːlˈtɜːnətɪv/	Walking is an **alternative** to taking the bus.

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production possibility curve /prəˈdʌkʃn ˌpɒsəˈbɪlɪti kɜːv/	The **production possibility curve** shows what a country can make with its resources.
unemployment /ʌnemˈplɔɪmənt/	**Unemployment** counts people who want a job but do not have one.
trade-off /treɪd ɒf/	There is a **trade-off**: more guns means less butter.
economic growth /ˌiːkəˈnɒmɪk grəʊθ/	**Economic growth** means the economy makes more each year.
economic decline /ˌiːkəˈnɒmɪk dɪˈklaɪn/	A loss of productive resources can cause **economic decline**.
non-renewable resources /nɒn rɪˈnjuːəbl rɪˈzɔːsɪz/	Power stations burning coal use **non-renewable resources**.

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