Microeconomic decision-makers

IGCSE Economics · Vocabulary in context

Word	Example
barter /ˈbɑːtə/	In **barter**, people swap goods without using money.
money /ˈmʌni/	We use **money** to buy things and to measure what they are worth.
medium of exchange /ˈmiːdɪəm ɒv ɛksˈtʃeɪndʒ/	Money is a **medium of exchange**: people accept it in return for goods.
store of value /stɔː ɒv ˈvæljuː/	Money is a **store of value**: you can keep it and spend it later.
unit of account /ˈjuːnɪt ɒv əˈkaʊnt/	Money is a **unit of account**: we use it to compare the prices of things.
means of deferred payment /miːnz ɒv dɪˈfɜːd ˈpeɪmənt/	Money is a **means of deferred payment**: you can pay a debt later.
durable /ˈdjʊərəbl/	Coins are **durable**: they last for many years.
portable /ˈpɔːtəbl/	Money is **portable**: it is easy to carry.
divisible /dɪˈvɪzɪbl/	Money is **divisible**: a dollar can be split into cents.
central bank /ˈsentrəl bæŋk/	The **central bank** sets interest rates.
interest rate /ˈɪntrest reɪt/	When the **interest rate** rises, borrowing money costs more.
commercial banks /kəˈmɜːʃl bæŋks/	**Commercial banks** keep people's savings and give loans.

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Word	Example
firms /fɜːmz/	Many **firms** sell phones.
household /ˈhaʊshəʊld/	Each **household** decides how to spend its income.
saving /ˈseɪvɪŋ/	**Saving** means keeping some of your income instead of spending it.
borrowing /ˈbɒrəʊɪŋ/	**Borrowing** money for a house means paying it back over many years.
income /ˈɪŋkʌm/	Wages are **income** received over time.
confidence /ˈkɒnfɪdəns/	When **confidence** is high, people spend more.
occupation /ˌɒkjʊˈpeɪʃn/	Her **occupation** is nurse.
wage /weɪdʒ/	Her **wage** is the money she gets for each hour of work.
skill /skɪl/	Coding is a useful **skill**.
qualifications /ˌkwɒlɪfɪˈkeɪʃnz/	The job needs a degree and other **qualifications**.
trade unions /treɪd ˈjuːnɪənz/	**Trade unions** ask for higher pay for their members.
discrimination /dɪˌskrɪmɪˈneɪʃn/	Paying women less for the same work is **discrimination**.
division of labour /dɪˈvɪʒn ɒv ˈleɪbə/	**Division of labour** gives each worker one task.
specialisation /ˌspeʃəlaɪˈzeɪʃn/	**Specialisation** means each worker or country does what it is best at.
capital /ˈkæpɪtl/	Machines and buildings are **capital**.

Word	Example
market /ˈmɑːkɪt/	The **market** for phones in China is huge.
merger /ˈmɜːdʒə/	A **merger** joins two businesses into one.
horizontal merger /ˌhɒrɪˈzɒntl ˈmɜːdʒə/	Two car makers joining is a **horizontal merger**.
vertical merger /ˈvɜːtɪkl ˈmɜːdʒə/	A car maker buying a tyre maker is a **vertical merger**.
conglomerate merger /kənˈglɒməreɪt ˈmɜːdʒə/	A food firm buying a bank is a **conglomerate merger**.
business failure /ˈbɪznəs ˈfeɪlɪə/	Low sales and high costs can lead to **business failure**.
demand /dɪˈmænd/	Hot weather increases the **demand** for ice cream.
labour-intensive /ˈleɪbə ɪnˈtensɪv/	A **labour-intensive** farm uses many workers and few machines.
labour /ˈleɪbə/	**Labour** is the work people do.
capital-intensive /ˈkæpɪtl ɪnˈtensɪv/	A **capital-intensive** factory uses many machines and few workers.
productivity /ˌprɒdəkˈtɪvɪti/	Better machines raise **productivity**: more output per hour.
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.
enterprise /ˈentəpraɪz/	**Enterprise** means taking a risk to start a business.

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Word	Example
economies of scale /ɪˈkɒnəmiz ɒv skeɪl/	Large firms gain **economies of scale**, so each unit costs less.
diseconomies of scale /ˌdɪsɪˈkɒnəmiz ɒv skeɪl/	A very large firm can face **diseconomies of scale**, such as slow decisions.
cost /kɒst/	The **cost** of making each shirt is ¥30.
fixed costs /fɪkst kɒsts/	Rent is one of the **fixed costs**: it stays the same however much you make.
variable costs /ˈveərɪəbl kɒsts/	Raw materials are **variable costs**: they rise as you make more.
total cost /ˈtəʊtl kɒst/	**Total cost** is fixed cost plus variable cost.
average cost /ˈævrɪdʒ kɒst/	**Average cost** is total cost divided by the number of units.
revenue /ˈrevənjuː/	**Revenue** is earned from selling goods or services.
total revenue /ˈtəʊtl ˈrevənjuː/	Price times quantity sold gives **total revenue**.
average revenue /ˈævrɪdʒ ˈrevənjuː/	**Average revenue** is revenue per unit sold.
profit /ˈprɒfɪt/	If sales are bigger than costs, the firm makes a **profit**.
objectives /ɒbˈdʒektɪvz/	The **objectives** are clear targets that help the firm reach its aims.
survival /səˈvaɪvl/	In a crisis, a small firm's main aim is **survival**.
growth /grəʊθ/	Opening another shop can support the firm's **growth**.

¥30

Word	Example
competition /ˌkɒmpəˈtɪʃn/	Two plants are in **competition** for light.
monopoly /məˈnɒpəli/	A **monopoly** is the only seller in a market.
barriers to entry /ˈbærɪəz tʊ ˈentri/	High start-up costs can act as **barriers to entry**.

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