

Most Economics questions open with a definition worth two marks, and the mark is for precision – the right nouns and the condition attached. Learn these as whole sentences. 经济学定义题按用词准确度给分，要整句背。

The basic economic problem

Scarcity 稀缺性 — unlimited wants set against limited resources, which forces people to choose

Opportunity cost 机会成本 — the next best alternative given up when a choice is made

Factors of production 生产要素 — land, labour, capital and enterprise – the four resources used to produce goods and services

Production possibility curve 生产可能性曲线 — a curve showing the maximum combinations of two goods an economy can produce when all its resources are fully used

Mixed economy 混合经济 — an economy in which both the private sector and the government allocate resources

Demand, supply and price

Demand 需求 — the quantity of a good consumers are willing and able to buy at a given price

Supply 供给 — the quantity of a good producers are willing and able to sell at a given price

Equilibrium price 均衡价格 — the price at which quantity demanded equals quantity supplied, so there is no shortage or surplus

Price elasticity of demand 需求价格弹性 — how much quantity demanded responds to a change in price: percentage change in quantity demanded divided by percentage change in price

Inelastic demand 需求缺乏弹性 — demand that changes proportionately less than price, so a price rise raises total revenue

Substitute / complement 替代品与互补品 — a good bought instead of another; a good bought together with another

Normal good / inferior good 正常品与低档品 — demand rises as income rises; demand FALLS as income rises

Market failure and the government

Market failure 市场失灵 — where the market allocates resources inefficiently, so society's welfare is not maximised

External cost 外部成本 — a cost of production or consumption falling on a third party, not on the buyer or seller

Merit good 优效品 — a good under-consumed in a free market because consumers undervalue its benefit – education, vaccination

Demerit good 劣效品 — a good over-consumed because consumers undervalue its harm – tobacco, alcohol

Public good 公共品 — a good that is non-excludable and non-rival, so the market will not provide it – street lighting, national defence

Subsidy 补贴 — a payment by government to producers to lower costs and increase supply

Indirect tax 间接税 — a tax on spending, collected by the seller, which raises the price the consumer pays

Privatisation 私有化 — the sale of a government-owned business to the private sector

The individual as producer, consumer and borrower

Specialisation 专业化 — concentrating on producing one good or performing one task, which raises output through practice and scale

Division of labour 劳动分工 — breaking production into separate tasks, each done by a different worker

Wage differential 工资差距 — the difference in pay between occupations, caused by differences in skill, training, danger, and the demand for and supply of that labour

Trade union 工会 — an organisation of workers formed to protect and improve their pay and conditions

Commercial bank 商业银行 — a bank that accepts deposits, makes loans, and provides payment services to households and firms

The firm

Fixed cost 固定成本 — a cost that does not change with output in the short run – rent, insurance

Variable cost 可变成本 — a cost that changes directly with output – raw materials, piece-rate wages

Economies of scale 规模经济 — the fall in average cost as a firm increases its scale of production

Diseconomies of scale 规模不经济 — the rise in average cost when a firm grows too large – usually through poor communication and coordination

Profit 利润 — total revenue minus total cost

Monopoly 垄断 — a market with a single seller and high barriers to entry

The macroeconomy

Gross domestic product 国内生产总值 — the total value of all goods and services produced in a country in a year

Economic growth 经济增长 — an increase in real gross domestic product

Inflation 通货膨胀 — a sustained increase in the general price level

Consumer Price Index 消费者价格指数 — a weighted index measuring the change in the price of a typical basket of goods bought by households

Unemployment 失业 — people of working age who are able and willing to work but cannot find a job

Fiscal policy 财政政策 — the use of government spending and taxation to influence the economy

Monetary policy 货币政策 — the use of interest rates and the money supply to influence the economy

Progressive tax 累进税 — a tax taking a larger percentage of income as income rises

Balance of payments 国际收支 — a record of a country's transactions with the rest of the world over a period

Exchange rate 汇率 — the price of one currency in terms of another

International trade and development

Free trade 自由贸易 — trade between countries with no tariffs, quotas or other barriers

Tariff 关税 — a tax on imported goods, which raises their price and protects domestic producers

Quota 配额 — a physical limit on the quantity of a good that may be imported

Absolute poverty 绝对贫困 — an income below the level needed for basic needs – food, shelter, clothing

Relative poverty 相对贫困 — an income well below the average for that society, so a person cannot afford a normal standard of living

Human Development Index 人类发展指数 — a composite measure combining life expectancy, education and income per head

Sustainable development 可持续发展 — development that meets present needs without reducing the ability of future generations to meet theirs