

ECONOMIC TERMS

1. economics	The study of how people choose to use limited resources to satisfy their unlimited wants.
2. human resources	The <u>knowledge and skills</u> (education) that allow workers to produce goods and services and earn a salary. Example: the knowledge and skills needed to become a doctor, lawyer, teacher, or car mechanic
3. capital resources	goods such as factories, machines, and <u>tools</u> that workers use to make other goods
4. natural resources	raw materials used to support life and make goods; Example: trees, land, oil
5. entrepreneurship	the rare mix of qualities needed to create and run <u>businesses</u> ; People who have these qualities <u>risk their time, money, and energy</u> to make a profit. They might create new products, come up with new ways to make things, or find new ways to reach buyers (ex. I-Tunes, Facebook).
6. goods	tangible (touchable) <u>objects</u> that satisfy economic wants
7. services	<u>activities</u> performed by people to satisfy economic wants
8. producer	someone who uses resources to <u>make</u> a good or service
9. consumer	someone who <u>buys or trades</u> a good or service
10. import	goods brought <u>into</u> one country from another through trade or sale
11. export	goods and services traded with or <u>sold to</u> other countries
12. gross domestic product (GDP)	the total <u>value</u> of all goods and services produced in a country every year; <i>the value of every <u>item</u> made and every <u>service</u> provided in a country added up</i>
13. invest	to buy more of something in order to benefit from it in the future
14. literacy rate	the percentage of people who can <u>read and write</u> in a country
15. standard of living	a person's level of comfort; determined by the amount of goods, services, and luxuries available to a person
16. scarcity	the condition that exists because <u>human wants go beyond the available resources</u> required to satisfy those wants; <i>when there isn't enough of something because humans want more than they can have</i>

17. specialization	when people, businesses, or countries <u>produce specific goods or services</u> in order to produce more
18. economic system	the way a nation uses its resources to satisfy people's needs and wants
19. traditional economy	an economic system in which <u>social roles and culture</u> decide what goods and services will be produced, how they will be produced, and for whom
20. command economy	an economic system in which the <u>government</u> decides what goods and services will be produced, how they will be produced, and for whom
21. market economy	an economic system in which <u>individual choices</u> decide what goods and services will be produced, how they will be produced, and for whom.
22. mixed economy	an economic system that has <u>mixed</u> features of traditional, command, and market systems
23. voluntary trade	an economic exchange in which all sides agree to participate because they expect to benefit
24. international trade	the exchange of goods and services <u>between countries</u>
25. currency	<u>Money</u> that is used as a way to trade goods and services; ex. paper bills, coins
26. exchange rate	How much one country's money is worth compared to another country's. <u>Example: 12 Mexican Pesos = 1 U.S. dollar</u>
27. trade barrier	<u>Any law or practice</u> that a government uses to limit trade between countries
28. tariff	A <u>price</u> charged for goods or services brought into one area from another area
29. quota	A <u>limit</u> on the amount of a product that may be imported during a given period of time.
30. embargo	when a country refuses to import or export certain goods; often backed by military force
31. OPEC	Organization of Petroleum Exporting Countries; decides the <u>price and amount of oil</u> produced each year in major oil countries like Iran, Iraq, Saudi Arabia, and Kuwait