

VOCABULARY economics unit 5

aggregate	adding things together
confidence	trust
Consumer Price Index (CPI)	average change in prices of commonly used goods and services
consumption	buying of final goods and services by households
contractionary policy	actions intended to slow economic growth
cyclical unemployment	unemployment that happens when the economy is growing slowly or shrinking
diaspora	a dispersion of people outside their homeland
economic cycle	time from one economic peak to another economic peak; behavioral pattern in the economy that includes growing and shrinking phases
economic growth	continual rise in a nation's production of goods and services
effective	achieving its intended effect
expansionary policy	actions intended to encourage (or expand) economic growth
externality	unintended consequence
final goods and services	end products of the production process
fiscal policy	when the government uses government spending and taxes to affect economic performance
GDP per capita	GDP divided by the number of people living in a country
generalizations	statements or concepts obtained by inference from causes
Gross Domestic Product (GDP)	market value, in dollar amounts, of all final goods and services produced in a year
Gross National Product (GNP)	market value, in dollar amounts, of all final goods and services produced by domestically owned factors of production

Human Development Index (HDI)	quality of life measurement that includes a form of GDP per capita, how long people are expected to live, and education
inflation	increase in the prices of commonly used goods and services
intellectual property	creations of the mind, such as inventions, literary and artistic works
interest rate	price of money that is borrowed or saved
investment	putting money into something financial, in hopes of earning more money
ISIS	the Islamic State of Iraq and Levant (Syria), a terrorist Sunni Islam sect that seeks to create an all-Sunni country
labor force	people who are sixteen years old or older who are actively seeking work
labor productivity	output (of goods and services) divided by number of workers used to produce the output
macroeconomics	the study of the whole economy
maquiladoras	manufacturing operations in Mexico where certain materials are duty and tariff free
material goods	products that are bought and sold, such as food, clothes, computers, and cars
microeconomics	the study of individual parts of the economy
monetary policy	when the central bank uses money supply and interest rates to affect a country's economy
money supply	amount of money available in the economy, including money in circulation and demand deposits
national debt	total amount of money the federal government owes
net exports	exports minus imports
nominal GDP	Gross Domestic Product in current dollars
personal income tax	tax paid by individuals on money they earn

property right	the right to exclude others from using the good or service and the right to transfer the ownership or use of resources to others
protective tariffs	a duty imposed on imports to raise their price.
public good	something that can be used by everyone, provides benefits to more than one person at a time, and whose use cannot be restricted to only those people who have paid for it
purchasing power	person's ability to buy goods and services, given his or her income
real GDP	Gross Domestic Product, adjusted for price changes
sovereignty	the authority of a state to govern itself
standard of living	comfort level that people experience from having goods and services available to them
total income	money earned from all producers in a country
total output	all goods and services produced by using the factors of production
trade-bloc	an agreement between countries to reduce trade barriers
trend	general direction in which something moves
unemployment	number of working-age people who do not have jobs
unemployment insurance	money that the government gives to unemployed people who meet certain requirements
unemployment rate	percentage of the labor force that is willing and able to work, does not currently have a job, and is actively looking for work