

Economy Vocabulary

- 1. Economy:** The system for making and spending money
- 2. Primary Industries:** Economic activities that directly involve natural resources or raw materials, such as farming and mining
- 3. Secondary Industries:** Economic activities that change raw materials created by primary industries into finished products
- 4. Tertiary Industries:** Economic activities that handle goods that are ready to be sold to consumers
- 5. Communism:** An economic and political system in which the government owns all businesses and controls the economy
- 6. Capitalism:** An economic system in which individuals and private businesses run most industries
- 7. Free enterprise:** An economic system in which people, not government, decide what to make, sell, or buy
- 8. Market economy:** An economic system in which individuals decide what goods and services they will buy
- 9. Traditional economy:** Economy based on custom and tradition
- 10. Command economy:** An economy in which the government owns most of the industries and makes most of the economic decisions
- 11. Consumer:** A person who purchases goods and services for personal use
- 12. Socialism:** A political and economic system in which the government owns the means of production
- 13. Factors of Production:** The natural resources, money, labor, and entrepreneurs needed for business operation
- 14. Natural Resources:** Raw material (natural from the Earth) used to make goods. Examples include water, trees, minerals, soil, and oil.
- 15. Labor:** The workers that are needed to create goods and provide services

- 16. Capital:** The money needed to build the buildings and to buy the supplies necessary for making the goods/providing the services
- 17. Entrepreneurs:** People who use their money and talents to start a business
- 18. Scarcity:** Lack of something/very small supply
- 19. Surplus:** More of something than is needed
- 20. Economic Interdependence:** Refers to depending on other areas for your needs because you cannot produce it yourself (example: importing goods or oil)
- 21. Supply and demand:** Supply is the amount available; demand is how much or how little the supply is wanted
- 22. Inflation:** The rise in prices that occurs when currency loses its buying power
- 23. Economic indicators:** Tell us about the advancement of a country
- 24. Life expectancy:** Average number of years people live within an area
- 25. Gross Domestic Product (GDP):** The amount/value of all the items produced in a country in a year. Often used as a measurement of a nation's wealth.
- 26. GDP per capita (person):** The value/amount of all the items produced in a country in a year divided by the population within an area. Often used as a measurement of a nation's wealth
- 27. Literacy rate:** Indicator for a country's ability level of reading and writing
- 28. Population Density:** A measurement of population within an area
- 29. Industrialized nations:** Countries with high levels of education, good health care, good services, advanced technology and decent salaries
- 30. Developing nations:** Countries with low level of development marked by few jobs in industry, poor services, low literacy rates, and low life expectancy
- 31. Agriculture:** Farming
- 32. Manufacturing:** Making something on a large scale using machinery
- 33. Retail:** The sale of goods to the public for use or consumption
- 34. Service:** The act of doing work for someone
- 35. Renewable resource:** resources that can be totally replaced or always available naturally

36. nonrenewable resource: resources that cannot be totally replaced

37. sustainability: a country works to create conditions where all the natural resources for meeting the needs of society are available