



Economics and Personal Finance Calendar Contest

GLOSSARY

Account – a record of money deposited or withdrawn from a bank

Bank – a business that provides money services, such as cashing checks, making loans, and paying interest on accounts

Barter – to trade goods and services without using money

Borrow – to take or to obtain with the promise to return the same or an equivalent

Budget – a plan showing how income is to be spent

Capitalist market economy – an economic system built on private ownership of resources and a system of freely moving prices that allocate those resources, based on supply and demand

Capital resources – goods made and used to produce other goods and services; examples include tools, machinery and buildings

Check; checking account – a printed form used by consumers to purchase goods and services; after such a purchase the form is sent to the bank where the consumer has his or her checking account; then the bank pays for the purchase using money drawn from the consumer's checking account

Choice – decision made or course of action taken when faced with a set of alternatives

Comparative advantage – an economic theory that shows how countries can gain from trading with each other even if one of them is more efficient in every sort of economic activity; comparative advantage is about identifying which activities a country (or firm or individual) is most efficient at doing

Consumers – people who buy and/or use goods and services to satisfy wants

Credit – promise of payment at a future time in return for goods/services now

Credit history – a record of a person's willingness and ability to repay loans, based on how reliably he or she has repaid loans in the past; a credit report is a written record of a person's credit history

Currency – paper money that is used by a country; the US currency is the dollar

Decision-making model – a structured way of making a decision; typically the steps are: state the problem, list the alternatives, state the criteria, evaluate the criteria and, finally, make a decision

Debt – something that is owed, typically money

Demand – the amounts that consumers are able and willing to buy at all possible prices at a given time

Deposit – money put into a bank account

Earn – to receive money for doing work

Economic freedom – using one's money as individuals or businesses choose to use their money; little government control imposed on individuals or businesses

Economic systems – the way a society organizes the production, consumption and distribution of goods and services

Entrepreneur – someone who takes the risk of producing a product or starting a new business in hopes of earning a profit

Exports – the goods and services that producers in one nation sell to buyers in other nations

Financial goals (short, medium, long term) – goals are outcomes or results that people plan to attain; financial goals are often expressed in terms of money; rule of thumb for short – less than 1 year; medium – 1 – 5 years; long – more than 5 years

Financial institutions – usually the banking institutions that provide people the services of checking accounts, savings accounts, loans and credit cards

Financial risk – the chance of things not turning out as expected; in finance, generally speaking, the possibility that the price of some asset you own could go down.

Free trade – the ability of people to undertake economic transactions with people in other countries free from any restraints imposed by governments or other regulators

Goods – things that can satisfy people's wants

Human resources – people who do mental and/or physical work to produce goods and services

Imports – the goods and services that consumers in one nation buy from sellers in other nations

Incentives – a reward (the carrot) or penalty (the stick) that encourages people to do something or not do something; incentives are often monetary

Income – payment you earn or receive from different sources

Interdependence – when people and nations depend on one another for the goods and services they want

Interest – money paid regularly, at a particular rate, for the use of borrowed money, as in "I'm paying 4.9% interest every month on my car loan." By implication, interest also denotes income earned by lenders.

Invest – to use money to gain profit; investing is the process of putting money some place with the intention of making financial gain; investment possibilities include stocks, bonds, mutual funds, real estate and other financial instruments or ventures

Loan – something lend or furnished on condition of being returned, especially a sum of money lent with interest

Loss – the money a business loses after it pays its production costs

Market – a place where buyers and sellers exchange goods and services for money

Money – a good used to buy other goods and services; a good medium of exchange has all five of the following characteristics: it is portable, durable, divisible, generally accepted and is relatively scarce

Natural resources – gifts of nature used to make goods and services; for example, oceans, air, mineral deposits, virgin forests and actual fields of land; when investments are made to improve

fields of land or other natural resources, those resources become, in part, capital resources; natural resources are sometimes referred to as "land"

Needs – things you must have to live

Opportunity cost – the next best choice that you give up

Ownership – legal right of possession of some good or service; usually includes rights of exclusivity and transferability

Productive resources – the natural resources, human resources and capital resources available to make goods and services

Profit – the income a business makes after it pays its production costs

Producers – people who use resources to make goods and services

Resources – things used to make goods and services

Resources (distribution of) – in a market economy resources are distributed according to one's ability and desire to pay for them; the laws of supply and demand explain how prices affect the distribution of resources

Saving – to keep money to spend later; a savings account, usually at a bank, where deposits and withdrawals can be made

Scarcity – when there is not enough of a good, service or resource for all who want it; scarcity exists when there is not enough of something (product/service/resource) to satisfy everyone's wants AT A PRICE OF ZERO

Services – activities performed by people, firms or government agencies to satisfy people's wants

Shortage – having fewer goods, services or resources available at a particular price than people want

Specialization – when people produce only some of the goods and services they consume, then trade with others to get more of the things they want

Spend – to use money to buy goods and services

Supply – the amounts that producers are able and willing to sell at all possible prices at a given time

Surplus – having more goods, services or resources available at a particular price than people want

Taxes – required payments of money made to governments by people and businesses that are used to provide goods and services

Trade-offs – when you choose to get less of one thing in order to get more of something else

Wants – things people like and desire

Withdrawal – money taken out of a bank account

Voluntary exchange – trade in which two parties agree, free of any coercion, to exchange goods or services; both parties benefit from voluntary exchange