



Worksheet 1: Economic terms

Define each economic term in the boxes provided.

1	Absolute poverty	Relative poverty
2	Actual production	Production potential
3	<i>Ad valorem</i> tax	Specific tax
4	Asymmetric information	Moral hazard
5	Devaluation of currency	Depreciation of currency



6

Direct taxes

Indirect taxes

7

Economic growth

Economic development

8

Economics of scale

Increasing returns to scale

9

Equality

Equity

10

Free goods

Economic goods

11

Free trade area

Custom union



12	Government borrowing	National debt

13	Inflation	Disinflation	Deflation

14	Internal value of money	External value of money

15	Kinked demand curve	The Kuznets curve

16	Laffer curve	Lorenz curve

17	Liquidity trap	Poverty trap



18	Market equilibrium	Consumer equilibrium

19	Money	Cheques	Credit cards

20	Multiplier	Accelerator

21	Normal goods	Inferior goods	Necessities

22	Price elasticity of demand	Price elastic demand

23	Primary income	Primary sector



24	Production	Productivity

25	Profits	Profitability

26	Public goods	Private goods

27	Qualities of money	Functions of money

28	Real income	Disposable income

29	Secondary income	Secondary sector



30	Social cost	External cost

31	Tax rate	Tax amount

32	Terms of trade	Balance of trade

33	Trade creation	Trade diversion

34	Trade deficit	Budget deficit	Current account deficit

35	Transfer payments	Transfer earnings



36

Universal benefits

Means tested benefits

37

X-efficiency

Dynamic efficiency