



Teaching History and Economics of Nebraska: Glossary

<u>Concepts</u>	<u>Definitions</u>
Barter	The direct trading of goods and services between people without the use of money.
Capital Resources (capital goods)	Goods made by people and used to produce other goods and services (machines and factories).
Choice	Deciding between two or more possible alternative objects or actions; called an economic choice for decisions among goods, services, or resources.
Circular Flow	A model of an economy showing the interactions between households and business firms as they exchange goods and services and resources in markets.
Competition	Rivalry among sellers to sell (supply) goods and services, or among buyers to buy (acquire) a service or good.
Consumers	People whose wants are satisfied by using goods and services.
Cost of Production	The total paid for all resources used by a business in producing goods and services. The owners of the resources receive the payment.
Demand	A schedule of how much consumers are willing and able to buy at each possible price during some time period.
Division of Labor	The process whereby workers divide up a job, so each performs only a single task or very few steps of a major production task, as when working on an assembly line.
Economic Systems	The way a society organizes the production, consumption, and distribution of goods and services.
Entrepreneurs	The human resource (person) who assumes the risk of organizing the other productive resources to produce goods and services.
Equilibrium Price	The market clearing price at which the quantity demanded by buyers equals the quantity supplied by sellers.
Factors of Production	Resources used by businesses to produce goods and services.
Goods	Objects that can satisfy people's wants and can be held or touched.
Human Resources (labor)	The quantity and quality of human effort directed toward producing goods and services (also called labor).
Incentives	Things that motivate and influence the behavior of households and businesses. Prices, profits, and losses act as incentives for participants to take action in a market economy.
Income Tax	Taxes paid by households and business firms based on the amount of income they receive.
Interdependence	People depend on each other to provide goods and services; occurs as a result of specialization.
Investment in Capital Resources	Business purchases of new plants (buildings) and equipment.
Investment in Human Resources	Activities that increase the skills and knowledge of workers.
Market Economy	An economic system where most goods and services are exchanged through private transactions by private households and businesses. Prices are determined by buyers and sellers making exchanges in private markets.
Markets	Any setting where buyers and sellers exchange goods, services, resources, and currencies.
Money	A medium of exchange, which is a good (like shells or metal coins or pieces of paper) that can be used to buy other goods and services.



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Natural Resources	Gifts of nature that can be used to create goods or services, and are present without human intervention. Land is the main natural resource.
Opportunity Cost	The next best alternative that must be given up when a choice is made. Not all alternatives, just the next best choice.
Prices	The value of a good or service stated in money terms.
Producers / Production	People who use resources to make goods and services, also called workers. The making of goods and services using resources.
Productivity	The ratio of output (goods and services) to input, or the amount of output produced per unit of productive resources over a period of time.
Profit	The difference between the total revenue and total cost of producing and selling a good or service in a business; entrepreneurial income.
Property Tax	Taxes paid by households and businesses based on the value of land and buildings.
Public Goods	Goods and services that are typically provided by the government because of their characteristics. The benefits received by their consumption are widespread and cannot be limited to one individual (e.g. national defense) and/or society as a whole benefits more than any single individual (e.g. public education).
Resources	Anything used to produce goods and services; all natural, human and human-made aids to the production of goods and services. Also called productive resources.
Sales Tax	Taxes paid on the value of goods and services people buy.
Scarcity	Resources are limited, so people cannot have all the goods and services they want.
Services	Activities that can satisfy people's wants.
Shortage	The situation resulting when the quantity demanded exceeds the quantity supplied at the current price of a good, service, or resource.
Specialization	Production can often be best done by several or many people where each person specializes: does only a part of the job--the part that the person is skilled to do.
Supply	A schedule of how much producers are willing and able to produce and sell at each possible price during some time period.
Surplus	The situation resulting when the quantity supplied exceeds the quantity demanded at the current price of a good, service, or resource.
Taxes	Required payments of money made to governments by households and business firms.
Trade-offs	Giving up one thing to get some of another.
Trade/Exchange	Trading goods and services with people for other goods and services or for money. When people exchange voluntarily, they expect to be better off as a result.
Unemployment	The situation in which people are willing and able to work at current wages but do not have jobs.