

ECONOMICS DICTIONARY

Terms: 12

Syllabus 4.1

Submariner Dictionary: Unit 5 (2.1, 2.2, 4.1 + 4.2)

Term	Definition note the use of key terms to explain the term	Diagram. Probably better to add by hand!	Example. Add examples as appropriate.
Term	Definition:	Diagram to use:	Example:
economic development	economic development is the change over time in key variables in an economy that indicate improvement in the standard of living of the general population	PPF	key components of measuring development are: 1 health care 2 education 3 gdp per capita or distribution of income
economic growth	economic growth is increased output in an economy represented by higher real gdp (gross domestic product/output)	PPF business cycle circular flow of income as (aggregate supply) + ad (aggregate demand)	find 2/3 examples for the GDP for a country and record here or in your notes. See OECD: https://data.oecd.org/gdp/gross-domestic-product-gdp.htm
human capital	human capital refers to the level of education and training that is invested in the general population. Best educated often leads to more wealth.		See OECD: http://www.oecdbetterlifeindex.org/topics/education/
informal markets	informal markets are 'black markets' that are untaxed. Such markets can be very damaging to less developed countries as they reduce the amount of tax received by the LDC government and therefore the government has less money available for social services and welfare. As a result their ability to reduce poverty is restricted.		labour is the market most commonly affected by informal, non taxed economic activity
millennium development goals - see millennium development goals	These are 8 goals designed to promote development across a number of issues including poverty, sustainability, gender equality and education. These goals were given a target date of 2015 but these have been revised and redated		See webnote 411 for 8 millennium goals. Ecosoc for an update: http://www.un.org/en/ecosoc/about/mdg.shtml

Term +Explanation

Diagram + Example

natural capital	Natural Capital can be defined as the world's stocks of natural assets which include geology, soil, air, water and all living things. It is from this Natural Capital that humans derive a wide range of services, often called ecosystem services, which make human life possible.		
capital	Physical capital is the term used to describe the microeconomic idea of a machine or other man made tool which is used in the production of goods and services		
poverty	Poverty relates to that part of the population that have income which is below an acceptable average. It is worthwhile making a distinction between relative and absolute poverty. See example opposite.		Relative poverty = the level of income compared to some national average but these poor people are able to afford more than the basic necessities of life i.e. food, shelter and clothing. Absolute poverty = where the individual is struggling to provide these basic necessities of life. These include food, shelter + clothing.
poverty cycle	Poverty cycle is a key diagram highlighting the recurring problems for LEDC's. The key focus of the cycle is the central impact of low income on the ability of individuals to improve their standard of living.		See Poverty cycle in webnote 411.
poverty reduction	This is a central objective of development policies and is a common denominator for all development issues i.e. what can governments and international organisations such as the UNO do to reduce poverty.		

