

Vocabulary

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Study the vocabulary words and definitions below.

- elastic demand** a situation when a change in price causes a large change in quantity demanded
- fair market price** the price that results from competition between buyers and sellers
- inelastic demand** a situation when a change in price causes little change in the quantity demanded
- law of supply and demand** an economic theory which states that consumers' quantity demand for a product will increase as the price decreases and vice versa; producers' quantity supply will increase as the price increases and vice versa
- market** place where people buy, sell, or trade goods and services
- private goods** property that people own
- profit** a company's earnings after paying all its costs; the reward a company receives for taking risks; difference between money received and money spent
- public goods** goods managed by governments but made available to everyone

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quantity demand amount of goods or services that consumers are willing to buy at a particular price

tax revenue the money the government collects through various taxes