

Vocabulary

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Study the vocabulary words and definitions below.

- comparative advantage** an ability to produce a good more efficiently than others
- consumer price index (CPI)** a measure of the price changes in consumer goods and services used to identify changes in the cost of living
- cyclical unemployment** loss of jobs caused by periodic decreases in the growth of business
- depression** a *prolonged* downturn in the economy, characterized by high unemployment and widespread loss of income
- disposable personal income** the amount of income that households have to spend or save after payment of personal taxes; net personal income
- exports** goods and services produced in one country and sold to other countries
- frictional unemployment** temporary loss of jobs caused by the changing of seasons and shifting of employees to new jobs
- gross domestic product (GDP)** ... the total value of goods and services produced in one year within the borders of a nation by whoever produces them
- gross national product (GNP)** the total value of goods and services produced in one year by a nation's residents no matter where they are located

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- gross personal income (GPI)** the amount of money earned by all individuals in a country in one year
- imports** goods and services bought by one country from another
- inflation** a sustained increase in the average price of goods and services resulting in a loss of the purchasing power of money
- interdependence** in economics, the notion that people and countries throughout the world need the goods produced by other people and countries
- international trade** trade between countries
- prosperity** a period of economic growth; a general increase in the demand for goods and services
- recession** a downturn in the economy, characterized by a decrease in business activity; a decrease in demand for goods and services and an increase in unemployment leading to a decline in the economy
- structural unemployment** loss of jobs caused by a shift in the way work is done, leaving some individuals without the skills necessary for available jobs
- tariff** a tax placed on imported goods