

## GLOSSARY

**Allocation Methods**- ways to ration or distribute something that is scarce

**Barter**- the direct exchange of resources, goods or services (i.e. swapping)

**Budget**- a plan for saving and spending money

**Capital Resources**- goods that are used to produce other goods and services

**Choice**- a decision about what to do (and what to give up)

**Consumer**- a person who uses goods and services to help satisfy his/her wants

**Decision-Making Process**- a reasoned way of choosing the best one of possible alternatives

**Demand**- the quantities of an item buyers would be willing and able to buy at different prices

**Division of Labor**- organizing production into a series of separate tasks with workers specializing in doing one of the tasks

**Entrepreneur**- an individual who takes the risk of starting or expanding a business

**Exports**- goods and services that producers in one nation sell to buyers in other nations

**Goods**- objects that help satisfy people's wants

**Human Capital**- the package of talents, skills, education, experience, health habits and attitudes each person has that enables them to be a productive worker

**Human Resources**- people who work (provide mental abilities and/or physical services)

**Imports**- goods and services that consumers in one nation buy from sellers in other nations

**Incentives**- things that influence the behavior of people

**Interdependence**- people depending on each other for resources, goods, and services

**Investing**- the process of putting money some place with the intention of making a financial gain. Investment possibilities include stocks, bonds, mutual funds, real estate, and other financial instruments or ventures.

**Market-** anywhere or any way buyers and sellers make exchanges

**Money-** An item that is generally accepted as payment when making exchanges (the medium or means of exchange) A good medium of exchange has all five of the following characteristics: it is portable, durable, divisible, generally acceptable and relatively scarce

**Natural Resources-** services and materials provided by the natural environment

**Opportunity Cost-** value of the next-best alternative is given up when a choice is made

**Price-** the amount of money paid when buying (or received when selling) a good, service or resource; a measure of the relative scarcity of a good, service or resource

**Producer-** a person or organization that uses resources to make goods or provide services

**Productive Resources-** the natural resources, human resources, and capital resources available to make goods and services

**Public Goods-** goods provided by the local (city/county), state and federal governments

**Public Services-** goods provided by the local (city/county), state and federal governments

**Saving-** setting aside money (part of one's income) to buy goods and services in the future

**Scarcity-** having less of something than is desired

**Services-** actions that helps satisfy people's wants

**Specialization-** when a resource is used to do one or only a few things

**Supply-** the quantities of an item sellers would be willing and able to sell at different prices

**Taxes-** payments of money people and businesses are required to make to governments

**Trade-** the exchange of resources, goods, services or money

**Trade-Offs-** those things gained and lost when comparing one alternative with another

**Wants-** a desired way to be (or not to be)