

business cycle

fluctuations in the level of economic growth due to either domestic or international factors

capital goods

items that have not been produced for immediate consumption but will be used for the production of other goods

capital resources

human-made goods that are used to produce other goods and services, such as plant, machinery and equipment

competition

the pressure on business firms in a market economy to lower prices or improve the quality of output to increase their sales of goods and services to consumers

consumer goods and services

items produced for the immediate satisfaction of the individual and community needs and wants

consumer sovereignty

the manner in which consumers, collectively through market demand, determine what is produced and the quantity of production

distribution of income

the way in which an economy's income is spread among the members of different social and socio-economic groups

economic growth

where there is an increase in real GDP

equilibrium

when the sum of all the leakages is equal to the sum of all the injections in an economy

factor market

a market for any input into the production process, including land, labour, capital and enterprise

factors of production	any resources that can be used in the production of goods and services; these include natural resources, capital, labour and enterprise
gross domestic product (GDP)	the total market value of all final goods and services produced in an economy over a period of time
human development index (HDI)	a measure of economic development devised by the United Nations Development Program; takes into account life expectancy at birth, levels of educational attainment and material living standards
injections	flows of money that increase aggregate income and the general level of economic activity; these include investment, government spending and exports
labour resources	the physical and mental capacities of people that are used to produce goods and services

leakages

the items that remove money from the circular flow of income, decreasing aggregate income and the general level of economic activity; these include savings, taxation and imports

merit goods

goods that are not produced in sufficient quantity by the private sector because private individuals do not place sufficient value on those goods

mixed economy

an economic system where the decisions concerning production and distribution are made by a combination of market forces and government decisions

natural resources

the resources provided by nature that are used to produce goods and services

opportunity cost

the cost of satisfying one want over an alternative want

price mechanism

the process by which the forces of supply and demand interact to determine the market price at which goods and services are sold, and the quantity produced

production possibility frontier

a graphical representation of all the possible combinations of the production of two goods or services that the economy can produce at any given time

product market

the interaction of demand for and supply of the outputs of production

recession

the stage of the business cycle where there is decreasing economic activity, defined as two consecutive quarters of negative economic growth