**Terms**

These terms and definitions can serve as a comprehensive appendix for an economics class, providing students with a solid foundation for understanding essential economic concepts.

Inflation: A sustained increase in the general price level of goods and services in an economy.

Gross Domestic Product (GDP): The total value of all goods and services produced in a country in a given period of time.

Fiscal policy: The use of government spending and taxation to influence the economy.

Monetary policy: The use of interest rates and the money supply to influence the economy.

Interest rates: The cost of borrowing money or the return on savings.

Exchange rates: The value of one currency in terms of another.

Supply and demand: The relationship between the quantity of a good that producers are willing to sell and the quantity that consumers are willing to buy.

Market equilibrium: The point at which the quantity of a good that producers are willing to sell is equal to the quantity that consumers are willing to buy.

Opportunity cost: The cost of forgoing the next best alternative when making a decision.

Elasticity: A measure of how responsive the quantity demanded or supplied of a good is to a change in price.

Monopoly: A market structure in which a single firm sells a unique product and has significant market power.

Oligopoly: A market structure in which a small number of firms sell a homogeneous or differentiated product.

Perfect competition: A market structure in which many firms sell a homogeneous product and have no market power.

National debt: The total amount of money that a government owes to its creditors.

Budget deficit: The amount by which government spending exceeds government revenue in a given period of time.

Trade deficit: The amount by which a country's imports exceed its exports in a given period of time.

Balance of payments: A record of all the economic transactions between the residents of a country and the rest of the world in a given period of time.

Tariffs: Taxes on imported goods.

Quotas: Limits on the quantity of a good that can be imported.

Subsidies: Payments made by the government to producers or consumers of a good or service.

Market failure: A situation in which the market fails to allocate resources efficiently.

Externalities: The uncompensated impact of one person's actions on the well-being of a bystander.

Public goods: Goods that are non-excludable and non-rival in consumption.

Private goods: Goods that are excludable and rival in consumption.

Comparative advantage: The ability of a country to produce a good or service at a lower opportunity cost than another country.

Absolute advantage: The ability of a country to produce more of a good or service than another country using the same amount of resources.

Deflation: A decrease in the general price level of goods and services.

Marginal cost: The cost of producing one more unit of a good or service.

Marginal revenue: The additional revenue generated by producing one more unit of a good or service.

Business cycle: The continuous expansion and contraction stages in an economy, measuring the rise and fall of GDP over varying periods of time.

Bull market: A positive outlook on a market's performance, indicating that stock prices are increasing or expected to rise.

Bear market: A negative outlook on a market's performance, indicating that stock prices are decreasing or expected to fall.

Recession: A period of relatively stagnated economic growth.

Depression: A severe and prolonged recession.

Fiscal deficit: The amount by which government spending exceeds government revenue in a given fiscal year.

Fiscal surplus: The amount by which government revenue exceeds government spending in a given fiscal year.

Capitalism: An economic system in which private individuals or businesses own and operate the means of production.

Socialism: An economic system in which the means of production are owned and operated by the state or by the community as a whole.

Communism: A political and economic system in which the means of production are owned and operated by the community as a whole.

Economics: The social science that studies the production, distribution, and consumption of goods and services, as well as the choices that individuals, businesses, governments, and nations make to allocate resources.