



## Economic Terms for Georgia Grades 6-8

These are the economic terms used in the Economic Understandings of the Georgia Standards of Excellence for Social Studies (Grades 6-8). These definitions are intended to provide clarity to teachers regarding the specific economic meanings.

### 6<sup>TH</sup> & 7<sup>TH</sup> GRADE ECONOMIC TERMS:

**BUDGET** - a spending-and-savings plan, based on estimated income and expenditures (money spent), covering a specific period of time

**CAPITAL GOODS** - man-made goods used to produce other goods and services; examples include buildings, machinery, tools, and equipment

**COMMAND ECONOMY** - an economic system where the government owns the resources and decides what goods and services are produced, how they are produced, and who gets them. The government decides the prices of goods, services, and resources

**CREDIT** - the granting of money or something else of value in exchange for a promise of future repayment

**CURRENCY** - money in circulation in any country

**ECONOMIC GROWTH** - increasing production of goods and services over time. This occurs through increases in the quantities of resources (factors of production) or new technological innovations that allow those resources to be used more efficiently

**ECONOMY/ECONOMIC SYSTEM** - the way in which a group of people living in a country decide to produce and distribute goods, services, and resources

**EMBARGO** - a government order that limits or prohibits trade with a particular country or group of countries

**ENTREPRENEUR**- an individual willing to take risks in order to develop new products and start new businesses

**ENTREPRENEURSHIP** - a characteristic of people who assume the risk of organizing productive resources to produce goods and services

**EXCHANGE RATE** - the price of one country's currency in terms of another country's currency

**GDP (GROSS DOMESTIC PRODUCT)** - the total value of all final goods and services produced within a nation in a given time period

**GDP PER CAPITA** - gross domestic product (GDP) divided by the total population of a country

**HUMAN CAPITAL** - the knowledge and skills that people obtain through education, experience, and training

**HUMAN CAPITAL INVESTMENT** - the efforts people put forth to acquire human capital. These efforts include education, experience, and training

**INCOME** - the payment people receive for providing resources in the marketplace. When people work, they provide human resources (labor) and in exchange they receive income in the form of wages or salaries. People also earn income in the forms of rent, profit, and interest

**MARKET** - buyers and sellers coming together to exchange goods, services, and/or resources

**MARKET ECONOMY** - an economic system where private individuals own the resources and decide what goods and services are produced, how they are produced, and who gets them. Prices of goods and services are determined by interactions of buyers and sellers with little to no government influence

**MIXED ECONOMY** - an economic system that is a combination of command and market. Some decisions about what goods and services are produced, how they are produced, and who gets them are made by buyers and sellers while other decisions are determined by the government

**NATURAL RESOURCE** - something that occurs naturally in or on the earth that is used to produce goods and services; sometimes referred to as "land"

**PRODUCTIVE RESOURCES** - the natural, human, capital, and entrepreneurial resources that are available to make goods and services; also known as factors of production

**QUOTA** - a limit on the quantity of a good that can come into a country

**SAVE** - to keep money for future use

**SCARCITY** - when unlimited wants are greater than limited resources

**SPECIALIZATION** - focusing productive efforts on a specific or small range of goods and services to maximize efficiency

**STANDARD OF LIVING** - the quantity and quality of material goods and services available to a given population. Standard of living focuses on basic factors such as income, gross domestic product (GDP), life expectancy, and economic opportunity

**TARIFF** - a tax that must be paid before a good may be brought into a country

**TRADE** - the exchange of goods and services for money or other goods and services

**TRADE BARRIER** - (government-imposed): any action government takes to make trade more difficult. Examples include tariffs, quotas, embargo, and standards. (Natural barrier): any barrier imposed by nature such as distance, mountains, rough terrain, high temperatures, or rough seas

**TRADITIONAL ECONOMY** - an economic system that relies on customs, history, and time-honored beliefs. Tradition guides economic decisions such as what goods and services are produced, how they are produced, and who gets them

## **8<sup>TH</sup> GRADE ECONOMIC TERMS:**

**BUDGET** - a spending-and-savings plan, based on estimated income and expenditures (money spent), covering a specific period of time

**CREDIT** - the granting of money or something else of value in exchange for a promise of future repayment

**DEBT** - money owed in exchange for loans or for goods or services purchased with credit

**ENTREPRENEUR**- an individual willing to take risks in order to develop new products and start new businesses

**ENTREPRENEURSHIP** - a characteristic of people who assume the risk of organizing productive resources to produce goods and services

**GOODS** - object that satisfies people's wants

**INCENTIVE** - perceived benefits that encourage certain behaviors

**INCOME** - the payment people receive for providing resources in the marketplace. When people work, they provide human resources (labor) and in exchange they receive income in the form of wages or salaries. People also earn income in the forms of rent, profit, and interest

**PROFIT** - the amount of revenue (money received) that remains after a business pays the costs of producing a good or service

**SAVE** - to keep money for future use

**SERVICE** - action that can satisfy people's wants. Examples include things like haircuts, trash collection, accounting, or teaching.

**TECHNOLOGICAL ADVANCEMENT** - an attempt at extending or further understanding the underlying science used to develop current materials, devices, products or processes

Resources used for these definitions:

- <https://www.federalreserveeducation.org>
- <https://www.econedlink.org/glossary>
- <https://corporatefinanceinstitute.com/resources/knowledge/accounting/expenditure/>
- [www.dictionary.com](http://www.dictionary.com)
- <https://www.investopedia.com>