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## WORDLIST: REVISING ECONOMICS

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1. Scarcity: is a result of limited resources and unlimited wants
2. Positive statement: seeks to understand economic behavior without making judgments
3. Normative statement: seeks to understand economic behavior using value judgments
4. Ceteris paribus: means all else equal or holding everything else constant
5. Opportunity cost: is the best alternative that we forgo, or give up
6. Market failure: is when the market cannot efficiently allocate goods and services freely
7. Law of supply: is the positive relationship between price and quantity supplied
8. Substitutes: are two goods whose demand schedules are related in a way that a decrease (increase) in the price of one good causes a rightward (leftward) shift in the demand curve of the other good
9. Price elasticity of supply: measures the response of quantity of a good supplied to a change in price of that good
10. Negative externality: is a cost incurred by an individual who was not directly involved in the transaction causing the cost