Definitions

1. **Opportunity cost** – the cost of choosing to use resources for one purpose measured by the sacrifice of the next best alternative for using those resources
2. **Microeconomics** – economic analysis concerned with the individual choices made by participants in the economy; also called price theory
3. **Inflation** – the rate of upward movement in the general price level for an aggregate of goods and services
4. **Positive economics** – seeks to forecast the impact of changes in economic policies or conditions on observable variables (production, sales, prices, incomes) and determines who gains and who loses as a result
5. **Economic system** – the mechanism through which the use of labor, land, capital goods, and natural resources is organized to satisfy the needs and desires of society
6. **Scarcity** – the imbalance between society's unlimited desires and the limited means available to satisfy them
7. **Normative economics** – evaluates the desirability of alternative economic outcomes based on value judgments about what is good or bad
8. **Economics** – the study of society's use of scarce resources to satisfy the unlimited wants of its members
9. **Macroeconomics** – economic analysis that examines the overall performance of the economy, including national output, consumption, average prices, and employment levels
10. **Unemployment rate** – the ratio of the number of people classified as unemployed to the total labor force