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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 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 items, such as production, sales, prices, and personal incomes, and then tries to determine who gains and who loses as a result of the changes.
5. **Economic system** – the mechanism through which the use of labor, land, structures, vehicles, equipment, and natural resources is organized to satisfy the desires of those who live in a society.
6. **Scarcity** – the imbalance between the desires of society and the means with which those desires are satisfied.
7. **Normative economics** – evaluates the desirability of alternative outcomes according to underlying value judgments about what is good or bad.
8. **Economics** – a study of society's use of scarce resources in the satisfaction of the unlimited desires of its members.
9. **Macroeconomics** – economic analysis that considers the overall performance of the economy with respect to total national production, consumption, average prices, and employment levels.
10. **Unemployment rate** – measures the ratio of the number of people classified as unemployed to the total labor force.