

1. **balance of trade:** compares the value of a country's exports of goods and services against its imports
2. **banks:** financial institutions such as loan- and savings institutions, ... element that can expand the basic circular flow model
3. **business cycles:** fluctuations in the level of economic activity between periods of: growth, boom, recession and depression.
4. **circular flow model of market economy:** simple 2 sector economy consisting of households and enterprises. Enterprises deliver goods and services in return of money, and households deliver work, land and capital in return of wages, rent and interest.
5. **deflation:** general decrease of price level, consequently the purchasing power of money is increasing, however because people are postponing the buying decisions this situation is very harmful in an economy
6. **demand:** willingness and ability to purchase a commodity or service
7. **demand curve:** graph showing relationship between price of a good and the quantity demanded
8. **division of labour:** separation of tasks, so that participants may specialize and become more productive. According to Adam Smith this is the origin of the "Wealth of Nations".
9. **division of labour within an enterprise:** professions and specializations within one company, e.g. departments
10. **economic policy:** all measures taken by the state or other institutions with the sake to influence the economic output
11. **Economics:** how to deal with limitless needs on the one hand and limited or scarce resources on the other hand
12. **Eco Social Market Economy (ESME):** an economic system based on free markets, however there are limits set by the government to ensure equality of opportunity, social and environmental responsibility (health insurance, minimum wages, environmental regulations)
13. **enterprises:** basic element of the economy which produces goods and services to the households, and buys labour, land and capital from the households
14. **exchange rate:** price for which the currency of one country can be exchanged to another currency e.g. 1 € = 1.2 US \$
15. **external value of money:** value of local currency expressed in terms of another country's currency
16. **factors of production:** combination of land, labour, capital, know-how and innovation
17. **free market economy:** an economy, where government does not interfere in business activity in any way
18. **functions of money:** functions: medium of exchange, store of value, unit of account and financial mean
19. **goods:** economic asset which serves to satisfy needs
20. **Gross Domestic Product (GDP):** total value of a country's annual output for goods and services, ... equals the total income of a country
21. **Hierarchy of Needs:** structure of needs starting with basic needs, followed by security, social, individual needs and finally self actualisation
22. **households:** basic element of an economy, ... a certain number of persons living together
23. **Human Development Index (HDI):** combines GDP, life expectancy and level of education and is supposed to be a better measure for welfare
24. **inflation:** the rate at which the general level of prices for goods and services is rising and consequently the purchasing power of money is falling.
25. **internal value of money:** purchasing power of local currency, how much goods and services do you get for e.g. 1 €
26. **international division of labour:** specialization in one country e.g. Italian food, French wine, Chinese fabric and so on, ... leads to globalisation
27. **magic polygon of economic goals:** economic growth, stable prices, low rate of unemployment, equilibrium in the balance of trade, sustainability are all desirable, however there are conflicts and also some harmonies between them...
28. **market:** place where buyers and sellers interact in trading goods or services for money (where supply and demand meet)
29. **market equilibrium:** when supply and demand in a market are equal (balanced).
30. **market price:** price for which goods or services can be bought on a market, point where supply and demand meet (market model)
31. **maximum principle:** the greatest possible result should be reached with a pre-determined input
32. **minimum principle:** predetermined goal should be reached with the minimal input
33. **money:** anything you can use for payments
34. **needs:** lack of something desirable, ... are basically unlimited
35. **planned economy:** an economy in which business activities and the allocation of resources are determined by government order rather than market forces
36. **regional division of labour:** specialization in a region e.g. fruits and wine in Burgenland
37. **resources:** inputs required to produce goods and services
38. **rest of the world:** other countries where a country can export to and import from, element that can expand the basic circular flow model
39. **social market economy:** an economic system based on free markets, however there are limits set by the government to ensure equality of opportunity and social responsibility (health insurance, minimum wages, etc.)
40. **social partnership:** within a social market economy there are representatives of employers and employees, who agree on conditions of work, salaries, etc (negotiations and compromise)

41. **state:** sovereign territory and element that can expand the basic circular flow model
42. **supply curve:** graph showing the relationship between the price of a good and the quantity offered or supplied
43. **sustainability:** ability to use resources responsibly now and not limit the availability of these resources for future generations
44. **types of economic system:** ... answer the questions: Who should produce what for whom, and who should get the related income