Reference Section

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Financial Fitness: Money and Real Life

- Can you afford a cool car?
- How can you avoid the credit trap?
- Is college for you?
- Can you become a millionaire?

Only you can answer those questions—and thousands of others. Your life is ahead of you; it’s up to you to decide how you’ll live it. Whatever goals or dreams you may have, the way you live your life will be determined, at least in part, by your relationship to money: how you get it and how you use it.

The opportunities you create for yourself are greatly affected by the money habits you form when you’re young. This handbook is designed to help you learn how to use money to meet your goals and to live the way you want to live. It can help you make intelligent decisions about money so you can get what you want and need—today and throughout your life.

1. Your Checking Account .................. R2
2. Budgeting .................................. R4
3. Saving and Investing ..................... R6
4. Credit and You ............................. R10
5. Your Education ............................ R16
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10. Insurance Matters ......................... R32

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Your Checking Account: Check into independence

Are all banks alike? What if you bounce a check? Where do checks go? Knowing the smart way to open and manage a checking account can help you avoid hassles—and save money.

How It Works

A checking account gives you a safer place to keep cash than a cookie jar while making it easy to pay bills and buy things.

Opening an Account To open an account, you need identification and usually a deposit (money you put into the account). Some banks offer student accounts requiring no initial deposit. The amount in your account at any given time is the balance. Putting money in or taking it out is a transaction.

To deposit a check, endorse (sign) it on the back. If you’re depositing the entire check rather than keeping some cash, write “for deposit only” and your account number below your signature. When you open an account, you’ll get a receipt for your deposit and, soon, numbered checks printed with your name, address, and account number; a check register; and a debit card. A debit card acts like an electronic check: money is taken out of your account immediately (a withdrawal or debit).

Making Withdrawals There are five ways to make withdrawals:

1. Write a paper check, or pay by check over the phone.
2. Get cash from a teller at a bank branch.
3. Use a debit card at a store or automated teller machine (ATM).
4. Use your bank’s Web site to pay a bill.
5. Authorize the bank to automatically pay recurring bills.

Keeping Good Records Record all transactions in your check register. You’ll get a monthly statement showing activity for the previous month. Compare it with your check register for errors and keep both in a file.

Help! If your debit card is lost or stolen, your liability for an unauthorized withdrawal can vary. If you notify the financial institution within two business days after learning of the loss or theft, you’re liable for only $50. If you don’t report unauthorized use that appears on your statement within 60 days after its mailing date, you could lose all the money in your account.
Which Bank, What Account?

Some banks offer better service or lower fees, or are conveniently located. Banks offer different types of accounts, some of which pay interest in exchange for having the use of your money. Before opening an account, savvy consumers ask if there’s a minimum balance requirement, how many checks can be written per month, if there are fees for writing checks, and if the account will earn interest.

Choose a traditional bank that offers some services online or a bank that exists only on the Net. If you bank online, don’t rely on the bank’s system to protect you. Install a firewall and don’t open suspicious e-mails or provide personal information to anyone who contacts you. Check your balance often to see if a thief has taken money from your account. You’re liable for only the first $50 if you report it to the bank within two days. Find more tips at www.idtheftcenter.org.

Test Your Financial Fitness

1. **Explaining**  Why is it important to balance your checkbook?

2. **Determining Cause and Effect**  List two reasons to avoid bouncing a check.

3. **Paraphrasing**  Describe three ways to protect yourself from online theft.
Budgeting:
Take control of your cash

Did you really need that cashmere sweater or those $200 sneakers? How did you get $5,000 in debt? Getting control of what you spend—budgeting—is a skill you’ll need throughout your life.

Where Does Your Money Go?
Many people have no idea what happens to their money. It just seems to “disappear.” Here’s how to find out how where yours goes:
1. List the bills you pay every month.
2. For one month, jot down everything you buy and the price—no matter how little it costs.

At the end of the month, categorize the items you’ve listed: “Food,” “Transportation,” etc. Then break down each category; for example, “Food: School Lunches, Snacks, Restaurants.” Now you know where your money goes.

The Urge to Splurge
Advertising and peer pressure tempt us to buy things we don’t need. Which of the items you categorized above were things you needed, like gym shoes or an ink cartridge? Which ones were things you just wanted: take-out pizza or that CD you played only once? Those are impulse purchases. They don’t seem expensive when you buy them, but they can keep you from reaching larger goals like a vacation, a cool car, or college.

Think Before You Buy
Before you buy an item, ask yourself whether the item is worth the time you’ll have to work to pay for it. The better you get at saying “no” to unnecessary spending, the more money you’ll have for what’s important to you.

Creative Budgeting
Using the expenses you listed before, complete a chart like the one on the next page. Look at each expense in column 2 and think of ways to reduce it. Enter the lesser amount in column 3, your New Budget. Be sure to budget 10 to 30 percent of your income for “Savings.” (To see why, go to Saving and Investing on page R6.) Total column 3 to see if your budget matches your income. If not, you’ll need to keep trimming expenses until it does or find another source of income.
### Building Your Budget

<table>
<thead>
<tr>
<th>Spending Category</th>
<th>Current Expenses</th>
<th>New Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part-time Job:</strong></td>
<td>$_____</td>
<td></td>
</tr>
<tr>
<td><strong>Monthly allowance:</strong></td>
<td>$_____</td>
<td></td>
</tr>
<tr>
<td><strong>Total income:</strong></td>
<td>$______</td>
<td></td>
</tr>
</tbody>
</table>

#### Food:
- School lunches
- Restaurants & take-out
- Snacks

#### Transportation:
- Car payment
- Insurance
- Gasoline
- Maintenance (estimate)

#### Entertainment:
- Movies
- Music
- Games
- Sports and hobbies

#### Personal care:
- Clothes
- Shoes
- Haircuts
- Accessories
- Cosmetics

- **Savings** (10–30% of income)

#### Utilities:
- Phone
- Internet access

#### Medical/dental

#### Donations to charity

#### Miscellaneous

#### TOTAL

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### Test Your Financial Fitness

1. **Listing** List five ways you can start saving money. How much could you save in a year by cutting these costs?
2. **Defining** What is an impulse purchase? What was the last one you made?
3. **Explaining** Why is it important to live on a budget?
4. **Applying** Make a list of three ways you can re-use things you usually throw away.

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**Did You Know?**

*Autonomy*

According to the American Psychological Association, neither popularity, influence, money, nor luxury contributes the most to happiness. What does? Autonomy (feeling that your activities are self-chosen), feeling that you’re effective in your activities, a sense of closeness with others, and self-esteem.

Advertising executive Gary Dahl became a millionaire by convincing people to pay $3.95 each for “Pet Rocks” in 1975. The product was simply a beach stone that cost him a penny, packaged in a box with a “Care and Training of a Pet Rock” manual.
Saving and Investing:  
Make your money grow

Want a faster computer or a great car? How about retiring at 40? You don’t have to be old or rich to save and invest. People with ordinary jobs and moderate incomes can build wealth—and financial freedom—just by starting young.

**Saving: The Frugal Habit**
Frugality is the attempt to save money instead of spending it. Why save? Because saved money grows. Here’s why it’s worth it:

1. Savings are your only safety net in financial emergencies.
2. With an early start, you can amass huge amounts of money over time.
3. Having a savings account improves your credit rating (see Credit and You on page R10).

**The Secret of Compounding**  Why save now? Because of a simple but very important concept: compounding. It’s the process of interest earning interest. And it takes time to kick in. If a family saves $75 a month at 5 percent interest from the day a child is born, they’ll have more than $24,000 by the time she’s ready for college. More than $9,000 of it is interest—money their money earned. If they wait until the child is seven to start, they’ll have to save almost $137 a month to get the same result.

Two key concepts make compounding work: yield and time.

**Yield:** Different types of accounts offer different annual percentage rates (APR). That’s the rate you’ll get if the interest is compounded only once a year.

**Example:** You deposit $10,000 in an account with an APR of 5 percent. At the end of the year, your money has earned $500 ($10,000 × 5% × one year = $500). So you have $10,500.

Interest for some accounts is compounded more often: semi-annually, quarterly, monthly, daily, or even continuously. The more frequently it’s compounded, the more interest you get. That’s because interest is added to your deposit periodically and the entire amount earns, or yields, interest—the annual percentage yield (or APY).
Example: You deposit the same $10,000 at 5% APR, but interest is compounded twice a year. After six months, your money has earned half the annual interest ($10,000 × 5% × ½ year = $250). The bank adds that interest to your original deposit. Now the $250 also earns interest for six months. The APY is 5.0625%. So at the end of the year, you have $10,506.25 instead of $10,500. That may seem like a small change, but it can make a big difference as your balance grows over the years.

Time: The longer you leave your money in an account, the better compounding works—especially in an account with frequent compounding. If you left $10,000 in an account for 10 years, with interest compounded quarterly, you’d have almost $16,500—without ever adding another cent!

Ways to Save Your goals should determine which savings methods you choose. A savings account is ideal for “emergency funds,” since you have fast access to cash. But it also pays low interest, so you’ll want to find other ways—including investments—to get enough interest to offset the taxes you’ll pay on the interest, plus inflation.

Savings Vehicles and Risks

Savings account: Safe (FDIC-insured). Some student accounts offer no deposit requirement. Easy access to funds makes them good for emergencies, but interest is low.

Money market deposit account: Safe (FDIC-insured), with easy but infrequent withdrawals. These accounts pay slightly higher interest than savings accounts, with various deposit requirements.

Money market mutual fund: Relatively low risk because invested in a pool in short-term vehicles such as certificates of deposit and commercial paper. Terms are from 90 days to 13 months. Interest is comparable to money market deposit accounts.

Certificate of deposit (CD): FDIC-insured time deposit with slightly higher interest than savings accounts and opening requirements as low as $250. Terms are from 3 months to 5 years with varying interest and low penalties for early withdrawal.

U.S. savings bond: Safe (government-backed) and available for as little as $25. Terms vary, but after a waiting period bonds can be redeemed before maturity. Not taxed until redeemed. Most types offer interest higher than savings accounts.

Who Is Rich? Looking rich and being rich are not the same. Most millionaires drive used cars, live in modest houses, and don’t wear expensive clothes. They save at least 15% of their earned income, and four out of five of them did not inherit their money.

Who Is Rich? Looking rich and being rich are not the same. Most millionaires drive used cars, live in modest houses, and don’t wear expensive clothes. They save at least 15% of their earned income, and four out of five of them did not inherit their money.
About 19 percent of students in grades 8–12 own stocks or bonds. If you think you don’t have enough money to invest now, remember the compounding principle: time is on your side. Even the spare change you keep in a jar every week, invested consistently and well, can reap big rewards in time.

Investment advice can be confusing and, let’s face it, boring. A good way to learn is to join—or start—an investment club. Get information at www.better-investing.org/youth/youth.html.

All investments involve two unknowns: the possibility of making money (the return), and the risk of losing it. In choosing investments, you’re always balancing those two realities. Common investments include the following:

**Stocks**

A stock is a share of a company’s assets. Say you want to start a company that sells jewelry but can’t afford to buy the beads. So you ask three friends for money. Now each of you owns one fourth of the company—one share. When you sell the jewelry, you each get a fourth of the profits. If it doesn’t sell, you all lose money. That’s the stock market, simplified.

Most investment professionals consider stocks the best way to get a fairly dependable, high return—but only if you keep them for more than ten years. Individual stocks and the stock market itself shoot up and down like a roller coaster. But over the last 50 years, the average return for stocks has been 10 percent—higher than savings vehicles and most other types of investments. Patience is the key to success.

You can buy stocks online, through a stockbroker or mutual fund company, or directly from companies that offer “Drip”

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**Common Investments**

<table>
<thead>
<tr>
<th>Type of investment</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>High earnings potential</td>
<td>High risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Need broker to buy and sell</td>
</tr>
<tr>
<td>Stock mutual funds</td>
<td>Some risk, but less than buying stocks individually</td>
<td>Need fund company or broker to buy and sell</td>
</tr>
<tr>
<td></td>
<td>Professional investment manager</td>
<td>Minimum investment usually $1,000 or more</td>
</tr>
<tr>
<td>Bonds</td>
<td>Good earnings potential</td>
<td>Federal tax on federal and corporate bond interest</td>
</tr>
<tr>
<td></td>
<td>Federal: no default risk (see Ways to Save on page R7)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Municipal: low risk, no federal tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate: moderate risk</td>
<td></td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>Professional investment manager</td>
<td>Need broker to buy and sell</td>
</tr>
<tr>
<td></td>
<td>Less risk than individual bonds</td>
<td></td>
</tr>
</tbody>
</table>
(direct reinvestment) funds in which earnings are automatically reinvested in more of their stock.

To reduce your risk, you can buy stocks through a mutual fund, a pool of money from many people invested in a variety of stocks or bonds by an investment manager.

There are two ways to make money with stocks. You can sell them when their value is high; the profit is called a capital gain and is taxed as income. Or you can keep them and receive regular payments (dividends), if the company pays dividends.

**Bonds** Governments (federal, state, and local) and corporations sell bonds to raise funds for projects like schools, bridges, or business expansion. They’re borrowing your money. In return, you generally get periodic interest and a fixed amount of money at a specified time in the future (maturity date). Some types of federal bonds offer different payment plans. Maturity dates vary. Most bonds are considered less risky than stocks, and government bonds are less risky than corporate bonds, since companies sometimes lose money.

**U.S. Treasury Instruments** Treasury instruments are loans you make to the government. They include T-bills, T-notes, T-bonds, Treasury Inflation-Protected Securities (TIPS), and several series of savings bonds. (See the Savings Vehicles table on page R8). They offer various interest rates and maturity dates. Because they’re issued by the government, treasury instruments offer low risk. They can be bought directly from the government online, or through banks or brokers. Minimum investments for most are $1,000–$10,000; some savings bond minimums are much lower.

**Other Investments** A home may be the largest investment you’ll make. Real estate is considered a good investment because most properties increase in value—but not all. Other types of investments include precious metals (like gold and silver) and retirement plans.

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**Did You Know?**

_A 16-year-old who invests $2,000 a year at 10 percent APR will have more than $2 million at age 65. By waiting until you’re 26 to begin, you’d have less than $803,000._

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**Test Your Financial Fitness**

1. **Explaining** Look at the budget you prepared on page R5, and see if you can increase the amount you’re saving. If so, what type of savings vehicle or investment will you use, and why?

2. **Defining** What is the difference between APR and APY?

3. **Summarizing** How can you make buying stocks less risky?

4. **Applying** In the library or on the Internet, research an investment you think you’d like to make. Write down your reasons.
Credit and You: Use it, don’t abuse it

How can you buy a hot new car if you don’t have $25,000? Can you avoid the credit card trap? Whenever you buy something but don’t have the cash, you’re using credit. Mastering the wise use of credit gives you a head start on financial fitness.

Are You Creditworthy?

“Credit” means borrowing someone else’s money. In exchange for the loan, you’ll have to pay back more than you borrow. That’s called interest. It’s a percentage of the borrowed amount.

Who Decides? Lenders decide whether to lend you money and how much interest to charge by looking at three things:

1. Can you pay them back? Add your monthly income to your bank account balances to find your total assets. Then total your monthly expenses, including debts (obligations). Compare the two to see if you’re able to take on more debt.

![YOUR CAPACITY TO REPAY DEBT](image)

\[
\text{Monthly income} + \text{Checking account} + \text{Savings account} = \text{Your assets}
\]

\[
\text{Monthly expenses} + \text{Total debt} = \text{Your obligations}
\]

2. Do you have a good credit rating? Lenders want to know if you’ve repaid previous debts on time.

3. Do you have collateral? Collateral is used mostly to buy homes or cars. If you don’t make the payments, the lender takes the property.

Your Credit Score Like your shadow, your credit score, or credit rating, follows you throughout your life. It’s a number from 300 to 900 that shows how responsible you’ve been with your finances—recently and in the past. The higher your score is, the more likely you are to get credit and a low interest rate.

Credit scores are assigned by three credit bureaus—Equifax, Experion, and TransUnion—that track each person’s financial history and create credit reports. Check yours at least once a year to be sure it contains no incorrect information.

Tip: Check Your Credit You can get one free report per year from each credit bureau. Call 877-322-8228; write to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281; or go to www.annualcreditreport.com.
Credit Cards

When you use a credit card, you’re borrowing money that must be paid back—plus interest. Card issuers set a limit on the total amount you can spend. Smart borrowers avoid reaching that limit because it lowers their credit score.

Once you’ve established credit, you’ll get offers for many cards. To avoid the temptation to rack up debt, keep no more than two or three. Choose those with the lowest annual percentage rates (APR)—not just low introductory rates that bounce up later. Be sure to read the fine print on the contracts—all of it.

**The Price vs. the Real Cost**  The longer it takes you to pay off your credit card balance (the total amount you owe), the more the items you bought with the card actually cost. That’s because card issuers make their profits by charging interest—from 1 to 25 percent or more—on the amount still owed.

*Example:* If you pay cash for a pair of $100 sneakers, they cost $100. If you use a credit card at an interest rate of 18.9% and take a year to pay it off, they cost $118.90 or more, depending on how the interest is calculated.

**The Credit Card Trap**  Every month, you’ll get a statement listing everything you bought in the previous month, payments you made, and the balance. You are usually allowed to pay less than the total balance as long as you make at least the “minimum payment due” listed on the statement. This is how many people fall into the credit trap: they make only the minimum payment, racking up more debt month after month.
Other Sources of Credit

There are a number of ways to borrow money besides credit cards. These include relatives and friends, as well as retail stores and financial institutions, such as banks, credit unions, and savings and loan associations.

Retail Stores  Most department stores and other retailers let customers with good credit buy merchandise from their stores with one of three types of credit:

•  Installment sales credit: Major items like refrigerators are often bought by making equal payments, which include interest and service charges, over a set period of time.
•  Regular charge accounts: You can buy goods or services within a set dollar limit by agreeing to pay off the balance in the future. Interest is charged only if the balance is not paid in 30 days.
•  Revolving credit: You usually make no deposit but can buy items on credit on an ongoing basis, up to a certain dollar limit. If you repay the balance by a certain date, some stores charge no interest; most charge interest on each month’s unpaid balance. Credit cards are also a type of revolving, or open-ended, credit.

Service providers  Your agreements with providers of services (electricity, cell phone, Internet, etc.) are credit arrangements. The history of your payments to them often appears on credit reports—especially if you pay late.
Financial Institutions  Commercial banks, savings banks, credit unions, finance companies, and some insurance companies lend money, with varying interest rates and fees. Shop and compare costs before borrowing. Some loans require a single, lump-sum payment on a specific date; others accept monthly payments for either a set or indefinite period of time.

Comparing Costs
As with credit cards, the length of time it takes you to repay the balance of a loan from other creditors affects the total amount you pay. You can see in the table below that when you take longer to pay off a loan, you pay less each month, but your total cost is higher. That is because interest gets compounded over a longer period of time.

### Costs of 3- and 5-Year Installment Loans

<table>
<thead>
<tr>
<th></th>
<th>3-year loan</th>
<th>5-year loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of monthly payments</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Amount of each payment</td>
<td>$347</td>
<td>$231</td>
</tr>
<tr>
<td>Total interest paid</td>
<td>$2,492</td>
<td>$3,770</td>
</tr>
</tbody>
</table>

The annual percentage rate (APR) of the loan also affects the total amount you pay. Be sure to check it before signing any loan agreement.

### APR Comparison

<table>
<thead>
<tr>
<th></th>
<th>Lender A</th>
<th>Lender B</th>
</tr>
</thead>
<tbody>
<tr>
<td>APR</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Monthly payment</td>
<td>$174</td>
<td>$180</td>
</tr>
<tr>
<td>Total interest to be paid</td>
<td>$2,436</td>
<td>$2,921</td>
</tr>
<tr>
<td>Total cost</td>
<td>$10,436</td>
<td>$10,921</td>
</tr>
</tbody>
</table>

How to Establish Credit
Paying cash for everything does not make you a good credit risk. To prove you’re responsible enough to get credit, you have to establish a credit history.

About 15% of a credit score is based on how long you’ve had credit. So it’s important to establish credit as soon as possible.

1. Apply for a “secured credit card” at a bank. You’ll have to make a deposit—usually about $300—and you’ll get a credit card you can use to make purchases up to the amount you deposited. Buy something each month with the card and be sure to make monthly payments on time. After about a year, if you’ve paid off the balance, you can get your deposit back and switch your secured credit card to an unsecured one.

2. Open an account at a major retail store. (They will probably ask for your current bank credit card number and expiration date.) Buy something on credit and make the payments on time.

3. Have someone with good credit co-sign a credit application. A co-signer agrees to pay your debt if you don’t.
Identity Theft

Criminals could steal your name, social security number, date of birth, and other private information—and use it to run up debts in your name: credit cards, wireless phone accounts, or loans. Here are some tips to help protect your identity; find more at www.idtheftcenter.org.

- Be careful who sees your personal information. Never provide it on the Internet or by phone to anyone who contacts you. Banks don’t request private information by e-mail.
- Thieves sort through people’s trash and mailboxes. Shred statements that include account numbers and any unused offers of credit cards you receive in the mail.
- Always know where your cards are. When you buy something with a card, watch to see that it’s not copied and get it back as quickly as possible.
- Check your credit report periodically for accuracy.
- Report lost or stolen credit cards immediately to the fraud department of a credit bureau. You’re liable for only the first $50 after your report.
- Do business only with companies that will provide their name, street address, and phone number.
- Don’t use the links in an e-mail to get to any Web page. Type the Web address in your browser window. A secure site begins with “https://” rather than “http://”.

Shredding old financial documents helps guard against identity theft.
CREDIT BASICS

**Annual percentage rate (APR):** The percentage of interest you are charged for every year you owe money. A fixed APR will stay the same; a variable APR will rise and fall with changes in national economic indicators.

**Compounding:** The process of charging interest on the amount of interest still owed. This interest is added to the stated interest rate because it’s money you owe but have not yet paid.

**Example:** If the stated APR on a $10,000 loan is 10%, you’d expect to pay $1,000 in interest per year (10% of $10,000). But since lenders compound interest, you may pay an extra $47 on the same $10,000 loan—for a total interest of $1,047. Some lenders compound interest more often—even daily. The more often interest is compounded, the more you will owe.

**Delinquent payment:** A payment that is 30 days or more past due. This is not the same as a late payment, which is one received after the due date but before it's 30 days past due. If a car payment due on the first of the month is received on the 20th, for example, it’s late and you'll pay a late charge. But it’s not delinquent and won’t appear on your credit report.

**Grace period:** A period of time after you buy something on credit during which some creditors charge no interest if you pay the balance before the due date.

**Finance charge:** The total cost of credit. In addition to interest, some companies charge fees for annual membership, cash advances, services, transactions, and exceeding the credit limit.

**Introductory rate:** A lower rate of interest offered by some credit card companies to persuade consumers to apply for their card. After an initial period, the APR you’re charged increases. It’s important to read the fine print on the offer to find out when the APR increases and whether the low rate applies only to balances you transfer from another credit card, to new purchases, or to both. You also need to know how long you have to transfer balances; some cards feature a fixed APR on balance transfers for the life of the card; others for only 45 days to six months.

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**Test Your Financial Fitness**

1. **Summarizing**  Why is a good credit score important?
2. **Identifying**  What are two ways to establish good credit?
3. **Listing**  List two ways to avoid paying interest when you buy something.
4. **Applying**  Analyze three credit card offers your family has received in the mail or that you have seen advertised. Which one offers the best deal? Why?

**A Big Difference**

Your credit score makes a big difference in the interest rates lenders charge. For example, a person with a credit score of 720 or above applying for a 3-year loan to buy an $18,000 car may pay 7.258% interest. The same dealer might charge a person with a credit score between 500 and 559 a rate of 15.294% for the same loan. At the end of the 3 years, the first applicant would have paid $2,085 in interest; the applicant with the low credit score would have paid $4,557.
Your Education: Jump-start your future

Is college for you? Which one? How can you pay for it? Whether you plan to attend college or enroll in vocational training after high school, don’t let rising costs keep you from realizing your dreams.

Why Go to College?

A college education enriches a life in ways that can’t be measured in dollars. But there’s a practical reason to continue your education beyond high school, too: what you learn usually determines what you earn. Compared to workers with only high-school educations, those with bachelor’s degrees have greater lifelong earning power and are less likely to be unemployed.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Unemployment Rate</th>
<th>Median Annual Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Males</td>
</tr>
<tr>
<td>No high school diploma</td>
<td>8.8%</td>
<td>$19,802</td>
</tr>
<tr>
<td>High school diploma/GED</td>
<td>5.5%</td>
<td>$27,526</td>
</tr>
<tr>
<td>Bachelor’s degree (4 years)</td>
<td>3.3%</td>
<td>$55,188</td>
</tr>
</tbody>
</table>


College-degreed workers earn an average of 62 percent more than those with high-school educations—roughly $2 million more overall during their working years.

Choosing the Right School

Some schools are better at certain fields of study than others. Costs, too, vary widely from school to school. Consider these factors when choosing a college or vocational school:

- **Your goals:** Can you get the educational experience you want at a public school? If not, don’t rule out a private school because of cost; some are generous with financial aid. Another option is to start out at an inexpensive community college and transfer to a four-year school.

- **Income potential:** If you choose a career with high income potential—like medicine or computer engineering—you can afford to take on a higher debt at an expensive school.

- **Location:** Out-of-state students pay a surcharge—usually thousands of dollars a year—to attend public universities. Costs also vary in different parts of the country.
Financial Aid Basics

Tuition is the amount a school charges for instruction. This does not include room, food, books, or other fees. In recent years, the cost of college tuition has risen faster than incomes or inflation. Few parents can afford the full cost of educating their children, and so most students need financial aid. The good news is that most students qualify for some type of financial aid. It takes research to find it, so the sooner you start looking, the better. How much aid you receive depends on these criteria:

- income—yours and your parents’ or guardians’
- family assets and expenses
- number of college students in your family
- amount of aid available at the school
- number of students applying for aid and their financial need compared with yours

### THE COST OF EDUCATION

\[
\text{Total Cost} = \text{Cost and tuition and fees} + \text{Total cost} + \text{Percentage of students qualifying for financial aid} + \text{Average aid amount (loans and grants)}
\]

### Types of Aid Available

Apply for all types of financial aid for which you may be qualified, including:

**Scholarships and grants:** Both are outright gifts you don’t have to pay back. Most scholarships are based on academic, athletic, or artistic ability. Many companies offer them to employees’ children, and some states provide them to residents; for example, Georgia guarantees free tuition to drug-free students with at least a B average.
Some grants, such as federal Pell grants and Supplemental Educational Opportunity grants, are awarded for “exceptional financial need.” Others are given to students belonging to a certain ethnic group, club, or civic organization. The armed forces offer aid in return for military service after graduation.

**Work-study programs:** Many colleges offer federally funded, on-campus jobs to students receiving financial aid.

**Loans:** More than half of all financial aid is in the form of loans—which must be repaid. Regardless of your income, you probably qualify for one of these loans:

- **Government loans:** The U.S. Department of Education (DOE) offers low-interest loans to students and parents. Some are subsidized (the government pays the interest until you’re out of school) and are based on need; others are unsubsidized (interest accrues while you’re in school) and are not need based. In order of desirability, they are
  a. subsidized Perkins Loan
  b. subsidized Stafford or Direct Loan
  c. unsubsidized Stafford or Direct Loan
  d. unsubsidized Parent Loans for Undergraduate Students (PLUS)

- **Private and college-sponsored loans:** Private loans are available from banks and other financial institutions. Interest rates are generally higher than those of federal loans.

**Aid Application 1-2-3** Once you’ve been accepted at several schools, follow this loan application process:

1. **Gather up documents.** You’ll need proof of income, such as tax returns, W-2 forms, pay stubs; mortgage statements; and proof of any unusual financial hardships in the family, such as high medical expenses or unemployment.
2. **Find aid sources.** Use the Internet to find grants and scholarships, then loans. Be sure to check deadlines.
3. **Fill out and send in applications.** The first form to complete is the Free Application for Federal Student Aid (FAFSA), available from your high school, library, or DOE’s Web site. It’s needed for any type of government aid. DOE will send you a number called an *Expected Family Contribution* (EFC), which is an amount computed according to a formula established by law. Colleges use it to determine the amounts of grants, loans, and work-study awards.
Payback You don’t begin repaying some government loans until after you’re out of school. Other loans, such as PLUS loans, require you to begin making payments within 60 days after you receive the funds. Since unsubsidized loans accrue (accumulate) interest while you’re still in school, you’ll want to pay those off first. For some loans, you can repay just the interest for a period of time or start with smaller payments that increase as your income presumably increases. Some lenders even tie payment amounts to rises and drops in your income level.

Graduates who take teaching jobs in certain schools; who volunteer with the Peace Corps, Americorps, or VISTA; or who serve in the military may have their federal loans deferred, partially repaid, or even canceled.

It’s important to repay your loan on schedule to avoid penalties and damage to your credit, as well as to reduce the amount of interest you pay. Some lenders lower the principal or the interest rate if you make on-time payments. Your lender or the school’s financial aid office can help you establish a workable repayment plan.

Test Your Financial Fitness

1. **Stating** How much more money will the average college graduate earn per year than someone with only a high school diploma?

2. **Listing** List four things that are important to you in choosing a college or vocational school. Using the Internet or library resources, find three schools that meet your criteria.

3. **Applying** Choose one of the schools you identified above and calculate how much it would cost to attend that school for one year. Then find two types of financial aid for which you might qualify.

Did You Know?

Payback The average student graduates from a 4-year college with a debt of almost $19,000. About 60 percent of all students receive grants—averaging $3,300 at public, four-year schools in 2004–2005.
Getting a Job: 
Make it work for you

Where are the jobs? What are your skills? Do you need a resume? Whether you’re searching for a summer job or planning to enter the labor market right after high school, looking for work is hard work. Knowing where to look and how to present yourself can help you land a better job.

The Right Job

Besides earning money and learning good work habits, use your first few jobs to find out what tasks you like to do—and what you don’t. Take the time to explore what interests you.

One good method is the “informational interview.” Many businesspeople who may not have current job openings are willing to chat briefly with young job seekers. Call and ask if they have a few minutes to give you information about their field. Don’t ask about job openings. Ask how they got their start in the field or what a typical day is like. Leave a resume and ask for names of others who might be helpful. You’ll gain interviewing experience, contacts, and possibly a job lead. Always mail a handwritten thank-you note.

Finding Openings

The best way to find a job is to ask family, friends, and acquaintances for leads. It’s called networking. Everyone you meet is a potential source of information about a job—now or in the future. Other resources include:

- “Help Wanted” Signs: Walk around town or the mall and apply in person. Dress appropriately and be ready for an on-the-spot interview and application.
- Newspapers and the Internet: Your local newspaper carries help-wanted ads every day. On the Internet, you can find job postings and post your resume.
- Placement Agencies: Free state-run employment services match qualifications with available jobs. Private placement companies charge applicants or employers; ask who pays before signing up.
- Start Your Own Business: Teenagers start businesses every day. Not all teen businesses are financially successful, but they all provide invaluable experience that impresses college admissions officers and potential employers.

Eighty percent of jobs are never advertised in newspapers or online. Three-fourths of all employees find their jobs through networking.

Tip

Be the Boss

For ideas and advice for teen entrepreneurs (people who own their own businesses), check out the Web sites of the Small Business Administration (www.sba.org) and Junior Achievement (www.ja.org).
Getting in the Door

For some jobs, like retail sales, you’ll see a sign in the window and can simply walk in and complete an application. But most employers expect you to send a resume and cover letter first.

**Your Resume:** A resume is a document that summarizes your experience, skills, and education. Its purpose is to present you in the best possible light so that employers will contact you for an interview. You’ll need more than one resume, since an effective one focuses on skills related to a *specific job*. These tips can help you get started:

1. Make a list of everything you’ve accomplished in your life. You can use it to identify skills that relate to various jobs, now and in the future.

### Your Resume

- **White or off-white resume paper** (with matching envelopes).
- **Name** (bold type), address, phone number, e-mail address, if any.
- Optional. If you list an objective, tailor it to the job you are applying for.
- Your work and relevant volunteer experience (most recent first).
- School graduation month and year. Revise when you have a diploma or job training.
- Skill in other languages for a competitive edge. Also list all computer software programs and business equipment you can use.
- Job-related activities, if possible. If your experience is minimal, a few unrelated ones show good citizenship.

---

**John D. Smith**

123 Main Street  
Pasadena, CA 91101  
(626) 555-7345  
e-mail: jdsmith@myaddress.com

**OBJECTIVE**  
A challenging part-time sales position in the auto industry.

**EXPERIENCE**

<table>
<thead>
<tr>
<th>Date</th>
<th>Role</th>
</tr>
</thead>
</table>
| 6/2007 to present | **Bagger, Star Market, Pasadena, CA**  
Bag groceries after school, weekends and summers  
Received employee of the month twice |
| 1–5/2006   | **Team Leader, Enterprise Project,**      
**Pasadena High School, Pasadena, CA**  
Working with three other students, manufactured and sold $460 worth of plastic CD travel cases |
**Pasadena, CA**  
Assisted secretary after school by correctly filing student records, copying and distributing teaching materials |

**EDUCATION**  
Pasadena High School, will graduate in (month, year)

**SKILLS**  
Speak Spanish fluently  
Proficient in Microsoft Word, Excel and internet research  
Cash register experience

**ACTIVITIES**  
Oakdale Community Health Clinic, volunteer  
National Honor Society

---

For every job opening, employers receive about 500 resumes and spend about 5 seconds glancing at each one.
2. Get a description of the job you want from the company’s Web site, ad, or human resources department. You can also check your local library for *The Dictionary of Occupational Titles* or the *Occupational Outlook Handbook* (also at http://stats.bls.gov/oco/oco1002.htm).

3. From your list of accomplishments, select those that match *this* job and list them in the “Experience” section of your resume (see the sample on the previous page for formatting). Be brief and use active verbs like *organized*, *developed*, or *implemented*. If you can truthfully claim results, do so: “raised $1,700” or “reduced filing errors by half.”

4. Employers often toss resumes with typos or misspellings, so ask several people to proofread yours.

**The Cover Letter:** Your resume should be accompanied by a letter typed in a format similar to the sample below. First, state why you are interested in the company and where you heard about the opening. In the next two paragraphs (three at most), “sell” yourself: How will your skills be valuable to the employer? If an e-mailed resume was requested, type the cover letter in the e-mail itself.

---

**Cover Letter**

John D. Smith  
123 Main Street  
Pasadena, CA 91101  
(Date)

Mrs. Helen Jones, Manager  
Sales and Marketing  
ABC Company  
345 Central Avenue  
Pasadena, CA 91101  

Dear Mrs. Jones:

I am an experienced sales person responding to your Pasadena Press ad for a part time sales assistant.

ABC Company interests me because of its reputation as an aggressive marketer of high-quality auto parts. I also have a personal interest in cars and helped restore a 1927 Thunderbird last summer.

I believe my skills could be useful to you in several areas:  
• Successful sales experience (CD travel cases)  
• Ability to track accurately (class treasurer for two years)  
• Excellent clerical skill: organizing, filing, photocopying

I hope you will contact me at (626) 555-7345. I look forward to talking with you.

Sincerely,

John Smith

John Smith  
Enclosure

---

Figure out what the employer needs and mention your skills that meet those needs.
The Job Interview

Appearance is important, so dress appropriately for all interviews. Be prepared to answer questions like “Why do you want to work here?” Interviewers often ask this to see if you’ve researched the company’s products, financial status, etc. You can request brochures from the company’s human resource department or find this information on the Internet. Be ready to explain how your skills qualify you for the job.

Example: “Although I don’t have professional sales experience, I believe the skills I demonstrated selling school raffle tickets will be useful to you. According to the product vendor, my aggressive selling efforts increased sales by 22 percent.”

Before you leave, hand the interviewer a typed sheet listing three references: names, titles, companies, and phone numbers. Send a brief thank-you letter; summarize why you’re right for the job and include your daytime phone number.

Test Your Financial Fitness

1. **Summarizing** What is the purpose of a resume?
2. **Listing** List ten of your accomplishments that you think demonstrate skills an employer might want.
3. **Applying** Write a resume applying for a job you would like to have. In the “Experience” section, incorporate some of the accomplishments you listed.
4. **Analyzing** List four questions an employer might ask you during an interview and the answers you would give.
Paying Taxes: Simplify the annual event

Who pays taxes? How do you file a return? If you have an income or buy anything, you’ll pay taxes, regardless of your age. Being organized can make the process easier and maybe save you some money.

What Taxes?

The largest chunk of tax money goes to the federal government to fund programs such as the military, retirement security, space exploration, aid to foreign countries, and disaster recovery. When you see news reports about arguments in Congress over the budget, they’re arguing about how to spend your tax dollars. States, cities, and other entities also assess taxes for various purposes.

Federal Income Tax  Money you earn is taxable, including wages, tips, interest earned by bank accounts, and profits from the sale of property, like cars or stocks. Every year, the Internal Revenue Service (IRS) sets a taxable minimum income. If you earn more than that, it’s taxed—even income from self-employment like babysitting or mowing lawns.

The IRS is the agency within the U.S. Treasury Department that administers tax laws and provides forms and advice. The IRS also has the power to ensure that people pay what they owe. It can assess penalties; charge interest on unpaid tax; confiscate wages, bank accounts, or property; and even imprison debtors for nonpayment. It’s to your advantage to learn how to be a responsible taxpayer.

Other Taxes  States, cities, and some school districts assess income taxes to pay for schools, fire protection, police, highways, and similar services. You’ll file tax forms (returns) for those at the same time as you file your federal return. In most states, sales tax is added to the price of products sold in the state, including items bought online. Some states also assess this tax for online purchases when the seller does not have a “brick and mortar” store in that state. Then there are use (excise) taxes on things like gasoline, guns, gambling, tobacco, alcohol, and airline tickets. Finally, property owners pay taxes based on the value of their house or other real estate.

Notorious mafia boss Al “Scarface” Capone was never convicted of most of the violent crimes he allegedly committed—but he spent eight years in prison for not paying his taxes.
Withholding  If you haven’t received your first paycheck yet, it will be an eye-opener. Employers are required by law to deduct—or “withhold”—a certain percentage of wages for taxes and other payments. These are listed on your pay stubs and include:

- **Federal taxes**: Your employer will withhold a part of your pay based on a table from the IRS. The more you earn, the higher the amount withheld.

- **State and city taxes**: The amount varies from state to state and from city to city. If you live in one city and work in another, your employer will withhold the tax for the city where you work. You may have to pay a separate income tax to the city where you live.

- **Social Security**: The Social Security system provides a financial safety net for retirees and disabled citizens who contributed to the system throughout their working lives. Your employer matches your contribution.

- **Medicare**: Everyone who receives Social Security benefits automatically receives Medicare Part A benefits, which partially cover stays in hospitals and skilled nursing facilities. (Other Medicare benefits must be purchased after you reach age 65.) Your employer matches this contribution as well.

- **Optional withholdings**: You may decide to have your employer deduct more money. For example, you might get health insurance through your work. (See Insurance Matters on page R32.) Many employers also offer automatic savings plans and match a part of your contributions. (See Saving and Investing on page R6.)
Paperwork

Four kinds of paperwork are used in the tax process: a form you fill out when you’re hired by a company (W-4), documentation of your income (W-2), your tax return, and records you’ll need to complete the return.

W-4 Form  When you start a job, you get a W-4 form on which you tell the employer how much money to withhold for federal income taxes. You choose the number of exemptions by asking yourself: Do I want to have the government keep the money for a year to make sure I don’t spend it before tax time? Or, would I rather invest the money and make the payment in April? If more money is withheld than you owe, you’ll get a refund, which makes tax season more pleasant. But your money is with the government instead of earning interest in a bank account or investment.

W-2 Form  Every January, your employer(s) will send you a W-2 form listing your wages and withholdings for the previous year. If you don’t receive yours by mid-February, call the employer. You’ll attach this form to your tax return to prove your income.

Tax Return  Every year, you’ll complete a paper or online form telling the IRS how much tax you still owe or how much you believe should be refunded to you. If your income is below a certain level set annually by the IRS, you don’t have to file a return, but you should anyway. It’s the only way to get your refund. These guidelines may make it easier:

- **Forms:** The IRS will mail you a form and instructions. Free forms are also available at post offices, banks, libraries, and on the IRS Web site at [www.irs.gov](http://www.irs.gov). Be sure your name and Social Security number are correct.
- **Deadline:** File any time between January 1 and April 15. If you file after April 15, you’ll be charged a penalty and, if money is owed, interest on the amount owed.

### INCOME TAX TERMS

**Earned income:** Wages, tips, and taxable scholarship and fellowship grants. You’ll need to total these amounts to calculate your taxes.

**Unearned income:** Interest (from bank accounts, stocks, etc.) and dividends or capital gains from stocks.

**Gross income:** The total of earned and unearned income.

**Adjusted gross income:** Gross income minus deductions. This is the figure used to calculate the amount of your federal income tax.
• **Deductions:** The amount you pay is a percentage of your income minus any eligible deductions. These are expenses that meet IRS guidelines, like donations to charity and interest on college loans.

• **Preparing your return:** Whether you’re filing a paper or electronic return, you’ll have to decide several things:
  1. What status to file under. For now, select “single.”
  2. Whether you want to take the standard deduction or list (itemize) your eligible deductions separately. If you choose the standard deduction, you can use a simple 1040EZ form. Or, you can try to lower the amount you owe by itemizing deductions on a 1040 form. (More complicated taxes use other forms.) With this form, you may need help from a tax preparer, because tax regulations are complicated and change frequently. The IRS offers free advice by phone at 800-829-1040 or on its Web site. Some nonprofit organizations also offer free services to low-income taxpayers.

**Your Records** You have two choices for tax recordkeeping: you can wait until tax time and search for documentation, or start a file in January and keep handy the papers you’ll need to file a return the next year. Here’s what tax experts recommend keeping for four to seven years:

**TAX RECORDS**
- Pay stubs and W-2 forms
- Bank statements
- Receipts for major purchases and charitable donations
- Records of insurance and medical payments
- Proof of any theft losses: value, date missing, proof of ownership

**Test Your Financial Fitness**

1. **Stating** Who is responsible for paying income taxes?
2. **Explaining** Why do young workers have to contribute to the Social Security system?
3. **Defining** What is “adjusted gross income”?
4. **Locating** How can you find out how much money was withheld from your pay?
5. **Listing** List three forms you need to file your income tax.
Renting an Apartment: Know what to look for

How much rent should you pay? How do you find the best deal? What if your roommate moves out? Moving to a new apartment can be exciting. Finding and renting one takes work. Making good decisions and meeting your responsibilities as a tenant can make it easier—and avoid money problems later on.

The Rental Process

Before you begin searching for an apartment, first consider how you’ll pay for it. Rent is only the beginning. Tenants usually pay for heat, air conditioning, electricity, and sometimes water and garbage pick-up. Many landlords expect the first and last months’ rent in advance, plus a security deposit they hold until tenants move. If you damage the property, your deposit pays for repairs. Any remainder should be returned to you, sometimes with interest, depending on local laws. If you own expensive items, you may want to add the cost of renter’s insurance. Remember: rent plus utilities should generally equal no more than one-fourth of your monthly income.

Finding a Home

Once you know how much you can afford, ask yourself:
• How close to school or a job do I want to live?
• Will I have roommates?
• How many rooms do I need?
• What else is important to me: Security? Noise level? Storage? Laundry facilities?

Begin your search with friends, newspaper ads, the Internet, bulletin boards, and/or rental agencies. Make appointments to view several apartments and be prepared to provide:
• identification
• social security number
• income amount and employer’s name and phone number
• contact numbers for references (current or previous landlords, teachers, coaches, or employers) who can vouch for your character
Signing a Lease

You’ll be required to sign a lease or a rental agreement. This is a binding legal contract, so read it—fine print and all—before signing. A lease requires the tenant to pay rent for the number of months listed—even if the tenant moves before the lease ends. Rental agreements are from month to month.

The Walk-Through  Before signing anything, “walk through” the apartment with the landlord and note its condition. To safeguard your deposit, make sure any damages are listed on the lease. Take dated photos before you move in and when you move out.

The Right Roommates  If you plan to share an apartment with roommates, be sure that they can afford the apartment and that they sign the lease to ensure equal legal responsibility. Make it clear that if they move before the lease ends, they’re responsible for either paying their share of the rent until the lease ends or for finding replacement roommates. Agree on house rules up front: overnight guests, parties, chores, etc.

Rights and Responsibilities  Your apartment is your home, but it belongs to the property owner. Landlords must keep it structurally safe and sanitary, and provide access to heat, water, and electricity. They can enter your apartment only to make repairs or show it to prospective tenants. In some states, they must give you advance notice. Prospective landlords can check references, employment, and credit, but it is against the law to discriminate on the basis of race, national origin, religion, gender, familial status, or disability. A local tenants’ union can provide information and advice.

You’re responsible for paying rent on time, keeping the apartment clean and in good condition, following the terms of the lease, and being considerate of neighbors. Remember: being a responsible tenant makes your new landlord a good reference for your next one.

Test Your Financial Fitness

1. Explaining  What are two reasons for taking good care of a landlord’s property?
2. Listing  What costs are involved in renting an apartment?
3. Applying  List four factors that would affect your choice of an apartment, in order of importance to you. Then explain why they’re important.
Buying a Car:  
Drive a good deal

Is a cool car in your future? Where will you get the money? Picture yourself in the car of your dreams. Wait: Now picture yourself under a mountain of debt. Before you rush to a Ferrari dealer, do the homework that can help you get a good deal on a vehicle that meets your needs now—and down the road.

Choosing Your Car

The most important step in the car-buying process is figuring out how much you can afford. Do this before deciding which car you want. In general, car payments should be less than 15 percent of your monthly income.

Do the Research  Check the Internet or consumer publications for comparisons of:
• Safety: Is the car likely to protect you in a crash or poor road conditions, and avoid rolling over? Also find unbiased reviews at www.nhtsa.dot.gov.
• Performance: The number of miles per gallon of gasoline (fuel efficiency) and the impact a car makes on the environment (emissions) vary with the type of car. You can check both at www.fueleconomy.gov. High gas prices alone make it essential to check mileage. Hybrid cars are designed to use less gas and pollute less by running on a combination of gas and electricity, but they cost more up front than gasoline-powered cars.
• Repairs: Consumer publications list which vehicles require fewer repairs and cost less to fix.

Compare Financing  Dealers make most of their profit on loans, not car sales. Before discussing financing with a dealer, research loans at banks and other financial institutions. Also check your credit score, since it determines whether you’ll get a loan and how much interest you’ll pay. (See Credit and You on page R10.) If you’re applying for credit at more than one place, do it within a 14-day period. Otherwise, your credit rating will drop because of “too many inquiries.”

Every car has a “pink slip,” or title—a document that proves ownership. You won’t get the pink slip until you’ve made all the payments. Meanwhile, the seller gives you a receipt you’ll need to register your car and buy license tags.
Getting a Deal

A new car is exciting, offers warranties, and requires fewer repairs. But a new car depreciates (loses value) the minute you drive it off the lot. Used cars depreciate more slowly and cost a lot less to begin with. Some even offer limited warranties.

**New Cars** A cool head and a game plan can save you thousands of dollars. Here are some tips:
1. **Take your time.** Don’t let “special offers” or high-pressure sales tactics rush you into buying on your first visit.
2. **Find the fair price.** On the Internet, find the factory invoice price, which is the price the dealer paid for the car. This is not the “sticker” price on the car’s window (a higher Manufacturer’s Suggested Retail Price, or MSRP). Offer to pay that price plus a fair profit, usually 3 to 5 percent.
3. **Get bids.** Ask five dealers for written bids. Those bids are your bargaining edge.

**Used Cars** Check the Internet or newspapers for ads. If you’re buying from a dealer, ask for names and phone numbers of previous customers. Contact them or the Better Business Bureau for any complaints against the dealer. Weed out the “lemons” with these tips:
- Drive the car, noticing odd noises and how it handles.
- Look at the title to see if the car was “salvaged.” That means an insurer declared it a “total loss”; it probably has structural damage that could affect safety and performance.
- Have a mechanic you trust or the American Automobile Association (AAA) test the car. If the seller won’t allow testing, don’t buy the car.
- Ask to see receipts for recent repairs. Also get the vehicle identification number (VIN) (usually on the dash). At the CARFAX Web site, check the car’s history.

**Test Your Financial Fitness**

1. **Explaining** What is the most important thing to consider when choosing a car? List three other important factors.
2. **Listing** List three things you can do to avoid getting a “lemon” when you buy a used car.
3. **Describing** Describe the process a smart car buyer would use before visiting a car dealer.
4. **Defining** What is the difference between the retail price and the factory invoice price?

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**High Cost of Driving**
The average annual cost of driving a new car in the United States is more than 56 cents per mile, including gas, oil, maintenance, tires, insurance, licenses, registration, vehicle depreciation, and finance charges. That’s $8,410 a year!
Insurance Matters: Protect yourself

Is your car legal? Who pays if you get sick or robbed? Nobody enjoys thinking about—or paying for—insurance. If you have an emergency, you’ll be glad you did.

How It Works

Insurance is like a life raft. You pay an insurance company monthly or quarterly premiums. Then, if something bad happens, such as a traffic accident, an illness, or an apartment fire, insurance helps you stay afloat financially. If nothing bad happens, the company keeps the money.

A document detailing what your insurance covers is a policy. Most policies require a deductible, an amount you have to pay before the insurance kicks in.

Example: You chose car insurance with a $1,000 deductible and you’re involved in an accident. You’ll have to pay the first $1,000 to fix the car. The insurance company will pay the rest, up to the amount you’ve purchased. If you had chosen a $500 deductible, you’d pay only the first $500, but your premiums would be higher.

TYPES OF CAR INSURANCE

Collision: Damage to your car, regardless of who caused the accident.
Comprehensive: Damage to your car not caused by an accident, such as theft, vandalism, and natural disasters.
Liability: Bodily injury and property damage to others, plus legal costs. State laws determine how much coverage you must have.
Medical: Medical expenses for everyone injured, regardless of fault.
Personal injury protection: Medical expenses for the insured driver, regardless of fault.
Uninsured motorist: Damage to your car in an accident caused by a driver with no liability insurance.
Underinsured motorist: Damage to your car in an accident caused by someone with insufficient liability insurance.
Rental reimbursement: Car rental if your vehicle cannot be driven after an accident.
Types of Insurance
Some types of insurance are useful to you now, but most can wait until you’re out of school and have more responsibilities.

Auto  It’s illegal to drive in most states without basic liability insurance to cover property damage and injuries to others; some also require personal injury coverage for the driver. But you may want to buy more insurance than the law requires. Teenage drivers are involved in four times as many crashes as other age groups and are three times more likely to die in a traffic accident. Auto insurance helps pay the costs of injuries, car and property damage, and lawsuits.

Health  Even if you’re healthy, health insurance is a good idea at any age. It pays for hospitalization, surgery, exams, and other medical costs. Some employers pay part of the cost for employees and their families. Health insurance has deductibles and most plans require a small payment (co-payment, or “co-pay”) whenever you visit a doctor’s office.

Property  What would it cost to replace everything you own: computer, TV, clothes, bicycle? If it’s more than you could afford, it should be insured against theft, fire, and other dangers. Renters insurance covers the contents of rented property and injury to visitors. Homeowners insurance covers a house, its contents, and visitor injuries. Separate insurance is needed for flood or earthquake damage.

Other Insurance  Life insurance provides financial support to loved ones when a person dies. Some types of life insurance offer lending or retirement income features. Disability insurance partially replaces income if you can’t work because of illness or injury. Long-term care insurance pays for care in nursing homes, assisted living facilities, or private homes when an elderly or disabled person can’t manage daily tasks.

Test Your Financial Fitness
1. Stating  What type of insurance covers a stolen car?
2. Determining Cause and Effect  Why do you think most states require drivers to have liability insurance, but not collision or comprehensive?
3. Defining  What is a deductible?
4. Listing  What two disasters are not covered by renters or homeowners insurance?
5. Naming  Name three ways to cut the cost of car insurance.
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Identifying the Main Idea

Why Learn This Skill?
Finding the main idea in a reading passage will help you see the “big picture” by organizing information and assessing the most important concepts to remember.

Learning the Skill
Follow these steps when trying to identify the main idea:
• Determine the setting of the passage.
• As you read the material, ask: What is the purpose of this passage?
• Skim the material to identify its general subject. Look at headings and subheadings.
• Identify any details that support a larger idea or issue.
• Identify the central issue. Ask: What part of the selection conveys the main idea?

Practicing the Skill
Read the excerpt below and answer the questions that follow.

Industrial robots can’t speak English or Chinese, but they can communicate very well with their controllers—something they do 24/7, with no vacations and no health care. They don’t receive a pension after they’re retired, either. Instead, they get recycled or remanufactured and go to work again.

The average wage for a U.S. warehouse or distribution worker is around $15 per hour (plus benefits). The average wage for this same work in China is about $3 per hour. The average wage for a skilled UAW U.S. automobile worker is $25 to $30 per hour, plus the staggering costs of health care coverage and retirement.

The average cost per hour to operate an industrial robot is 30 cents per hour according to Ron Potter, director of robotic technologies of Factory Automation Systems.


1. Where did this article appear?
2. When was it written?
3. What is the main idea of this article?
4. What additional details support the main idea?

Applying the Skill
Bring to class an article from a newspaper, magazine, real-estate buying guide, or other publication. Identify the main idea, and explain why it is important.
Determining Cause and Effect

Why Learn This Skill?
Determining cause and effect involves considering why an event occurred. A cause is the action or situation that produces an event. What happens as a result of a cause is an effect.

Learning the Skill
To identify cause-and-effect relationships, follow these steps:
• Identify two or more events or developments.
• Decide whether one event caused the other. Look for “clue words” such as because, led to, brought about, produced, as a result of, so that, since, and therefore.
• Look for logical relationships between events, such as “She overslept, and then she missed her bus.”
• Identify the outcomes of events. Remember that some effects have more than one cause, and some causes lead to more than one effect. Also, an effect can become the cause of yet another effect.

Practicing the Skill
The classic cause-and-effect relationship in economics is between price and quantity demanded/quantity supplied. As a price for a good rises, the quantity demanded goes down and the quantity supplied rises.

1. Look at the photo above. What might cause a store to have a big sale on plasma televisions? What is the effect on consumers?
2. Now look at the demand curve for plasma televisions below. If the price is $5,000, how many will be demanded per year? If the price drops to $1,000, how many will be demanded per year?

Demand Curve for Plasma Televisions

Applying the Skill
In your local newspaper, read an article describing a current event. Determine at least one cause and one effect of that event.
Making Generalizations

Why Learn This Skill?
Generalizations are judgments that are usually true, based on the facts at hand. If you say, “We have a great soccer team,” you are making a generalization. If you also say that your team is undefeated, you are providing evidence to support your generalization. Generalizations are useful in the study of economics because they help economists see trends. Examples include the generalizations that men earn more than women and that prices go down when there is more competition. There are exceptions to both of these statements, but they are generally true.

Learning the Skill
To learn how to make a valid generalization, follow these steps:
• Identify the subject matter.
• Collect factual information and examples relevant to the topic.
• Identify similarities among these facts.
• Use these similarities to form some general ideas about the subject.

Practicing the Skill
Read the excerpt, then identify whether each generalization that follows is valid or invalid. Explain your answers.

Few times in a young person’s life are as stressful as the first year out of college. If all goes well, you land a dream job in your chosen profession. But now everything hangs in the balance. Do well in your rookie job and it could put your career into overdrive. Your employer may shower you with promotions, pay raises, and increased responsibility, and you’ll be able to leapfrog ahead of the competition in your next position. Do poorly, and you may be sent down to the minors.

The good news: Barring any serious infractions, relatively few people get completely sidetracked in their first year on the job, as most employers allow for a learning curve. The bad news is the reputation you make for yourself will be yours for a good long time—the corporate equivalent of your permanent academic record—coloring the way people see you for many years.

—BusinessWeek Online, September 18, 2006

1. The first year out of college is one of the most stressful times in a person’s life.
2. All young workers who do well in their first year will have successful careers.
3. Most employers will tolerate a few rookie mistakes.
4. A young employee can never recover from a bad reputation.

Applying the Skill
Read at least three editorials in your local newspaper. Then make a generalization about each editorial.
Distinguishing Fact from Opinion

Why Learn This Skill?
Distinguishing fact from opinion can help you make reasonable judgments about what others say and write. Facts can be proved by evidence such as records, documents, or historical sources. Opinions are based on people’s differing values and beliefs.

Learning the Skill
To learn how to identify facts and opinions, follow these steps:
• Read or listen to the information carefully. Identify the facts. Ask: Can these statements be proved? Where would I find information to verify them?
• If a statement can be proved by information from a reliable source, it is factual.
• Identify opinions by looking for statements of feelings or beliefs. They may contain words like should, would, could, best, greatest, all, every, or always.

Practicing the Skill
Read the excerpt and answer the questions that follow.

Office architects are envisioning improved cubicles—newbicles?—that feel private yet collegial, personal yet interchangeable, smaller yet somehow more spacious. Employing advanced materials, tomorrow’s technology, and the fruits of sociological research, designers are fitting the future workplace to workers who are increasingly mobile and global. . . .

The father of the cubicle never meant to wreak such bleakness on the American office. We know this from the delightfully delusional name Robert Propst gave his invention: the Action Office. Back then, in 1968, most office workers toiled in open bull pens. Propst’s pod offered at least as much privacy as they had in a toilet stall, albeit without the door. Corporate America, which is run by people whose offices have doors, has snapped up more than $5 billion worth of the units from maker Herman Miller. Today 70% of U.S. office workers sit in cubicles, which have long transcended mere office furniture to become a pop-cultural icon (thank you, Dilbert).

—Time, July 9, 2006

1. What are three factual statements in the passage?
2. Which statements are opinions? Explain.

Applying the Skill
Watch a television interview, and then list three facts and three opinions that you hear.

▼ A modern cubicle
Formulating Questions

**Why Learn This Skill?**
Asking questions helps you to process information and understand what you read.

**Learning the Skill**
Follow these steps to formulate questions as you read:
- Think about questions you have. Often you can find the answers in the next paragraph or section.
- Ask who, what, when, where, why, and how about the main ideas, people, places, and events.
- Reread to find answers to your questions.

Read the following excerpt, and then study the sample questions below.

A global fashion icon and megabrand, Hello Kitty is one of the most bizarre stories in modern-day marketing. After all, we are talking about a minimalist graphic rendering of a cat, one with a moon-shaped head and no mouth. Yet this simplistic image brings in a half-billion dollars annually in franchise fees for Tokyo-based corporate parent Sanrio. Licensees in Japan, the U.S., and Europe have plastered the cutesy image on 20,000-plus products worldwide—everything from waffle makers to diamond-studded luxury watches.

- Who or what is Hello Kitty?
- Why is Hello Kitty an interesting marketing story?
- Where is Hello Kitty popular?

**Practicing the Skill**
Read the second excerpt about Hello Kitty. Then, using a chart like the one below, ask questions about the excerpt and reread the selection to find the answers.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who?</td>
<td></td>
</tr>
<tr>
<td>What?</td>
<td></td>
</tr>
<tr>
<td>Where?</td>
<td></td>
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<tr>
<td>When?</td>
<td></td>
</tr>
<tr>
<td>Why?</td>
<td></td>
</tr>
<tr>
<td>How?</td>
<td></td>
</tr>
</tbody>
</table>

The business mind behind [Hello Kitty] is Shintaro Tsuji, the founder, president, and CEO of Sanrio. In Japan, Tsuji is considered the closest thing the country has to a Walt Disney. He turned Sanrio, founded in 1960 as a small trinket maker, into a nearly $1 billion character-goods purveyor and theme park operator. Hello Kitty came on the scene in 1974 and appealed primarily to Japanese girls age 5 to 15.

Today, the fabulous feline is embraced by Parisian fashion houses, U.S. pop divas such as Mariah Carey and Christina Aguilera, and legions of fashion-conscious women in rich world markets.

—*BusinessWeek*, June 23, 2006

**Applying the Skill**
Select any section of this textbook to read or reread. Make a questioning chart to help you ask and answer five or more questions about the section as you read.
Analyzing Information

Why Learn This Skill?
The ability to analyze information is important in deciding what you think about a subject. For example, you need to analyze the effects of international free trade versus the effects of trade restrictions to decide where you stand on the issue of U.S. trade policy.

Learning the Skill
To analyze information, use the following steps:
- Identify the topic that is being discussed.
- Examine how the information is organized. What are the main points?
- Summarize the information in your own words, and then make a statement of your own based on your understanding of the topic and on what you already know.

Practicing the Skill
Read the excerpt and answer the questions that follow.

In May, the U.S. Mint informed Congress that the cost of making a penny and a nickel will soon exceed the actual value of each coin. . . . The U.S. mint estimates that by the end of the fiscal year, the cost of producing one penny will come to around 1.23 cents. . . . The news revived efforts to take the penny out of circulation. On July 18, Representative Jim Kolbe (R., Ariz.) introduced the Currency Overhaul for an Industrious Nation (COIN) Act that calls for the modernization of America’s currency system. The bill includes implementing a rounding system for cash transactions that would eliminate the penny, increasing the production and circulation of the golden dollar while phasing out the dollar bill, and studying whether a change in the composition of coins to include less expensive metals would be worthwhile.

—BusinessWeek, July 19, 2006

1. What topic is being discussed?
2. What are the main points of this excerpt?
3. Summarize the information in this excerpt, and then provide your analysis based on this information and what you already know about the subject.

Applying the Skill
Select an issue in economics that is currently in the news, such as Social Security, oil prices, the national debt, or taxation. Read an article or watch a news segment about the issue. Analyze the information and make a brief statement of your own about the topic. Explain your thinking.
Evaluating Information

Why Learn This Skill?
We live in an information age. The amount of information available can be overwhelming, and it is sometimes difficult to know when information is true and useful. You need to evaluate what you read and hear to determine the reliability of the information presented.

Learning the Skill
When evaluating information to determine its reliability, ask yourself the following questions as you read:
- Is there bias? In other words, does the source unfairly present just one point of view, ignoring any arguments against it?
- Is the information published in a credible, reliable publication?
- Is the author or speaker identified? Is he or she an authority on the subject?
- Is the information up-to-date?
- Is the information backed up by facts and other sources? Does it seem to be accurate?
- Is it well-written and well-edited? Writing that has errors in spelling, grammar, and punctuation is likely to be careless in other ways as well.

Practicing the Skill
Look at the following statements about oil prices. Rank them in order of most reliable to least reliable, and then explain why you ranked them as you did.

“Oil prices are so high, becuz big oil companys are tryng to goug us. Greedy oil executives, are driven up prices to get richer.”
—published on an individual’s blog on the Internet

“It’s certainly clear that high oil prices aren’t dulling demand for energy products. According to the Energy Dept.’s Energy Information Administration (EIA), U.S. demand for gasoline in June was 9.5 million barrels per day, a record.”
—BusinessWeek, July 7, 2006

“The single biggest factor in the inflation rate last year was from one cause: the skyrocketing prices of OPEC oil. We must take whatever actions are necessary to reduce our dependence on foreign oil—and at the same time reduce inflation.”
—President Jimmy Carter, January 23, 1980

Applying the Skill
Find an advertisement that contains text and bring it to class. In a brief oral presentation, tell the class whether the information in the advertisement is reliable or unreliable and why.
Making Inferences

Why Learn This Skill?
To infer means to evaluate information and arrive at a conclusion. When you make inferences, you “read between the lines,” or use clues to figure something out that is not stated directly in the text.

Learning the Skill
Follow these steps to make inferences:
• Read carefully for stated facts and ideas.
• Summarize the information and list important facts.
• Apply related information that you may already know.
• Use your knowledge and insight to develop some logical conclusions.

Practicing the Skill
Read the passage and answer the questions that follow.

Texans know their barbecue. But lots of them apparently don’t know their Chinese food. The top question at the 10 Panda Express stores opened in Texas this year is “What’s orange chicken?”

Andrew and Peggy Cherng, the husband-and-wife team who created Panda Express, know that answering that question and many others about their menu is part of the diner-education process that has turned a one-store eatery inside a California mall into an 820-store Chinese food empire. Orange chicken, a lightly sweetened fried chicken dish, is their best seller but not as familiar in Texas as fajitas and hamburgers.

If they get their way, it will be. And not just on the coasts. The two are well on their way to cracking a frontier in fast food: creating a national Chinese fast-food chain.

—USA Today, September 11, 2006

1. What facts are presented in the passage?
2. What can you infer about the importance of educating Panda Express customers about Chinese food? Explain.
3. Can you also infer that there is currently no national Chinese fast-food chain? Explain.

Applying the Skill
Look over the headlines in today’s Business and Finance section in your local newspaper. What can you infer about what economic issues are important in your community, the nation, and the world right now? Skim an article. Can you tell how the writer feels about the topic? How?
Comparing and Contrasting

Why Learn This Skill?
When you make comparisons, you determine similarities among ideas, objects, or events. When you contrast, you are noting differences between ideas, objects, or events. Comparing and contrasting are important skills because they help you choose among several possible alternatives.

Learning the Skill
To learn how to compare and contrast, follow these steps:
• Identify or decide what two or more items will be compared and/or contrasted.
• To compare, determine a common area or areas in which comparisons can be drawn. Look for similarities within these areas.
• To contrast, look for areas that are different. These areas set the items apart from each other.

Practicing the Skill
Study the advertisements for two computers at the bottom of the page, and then answer the questions that follow.
1. How are these products similar?
2. How are they different?
3. Which of these two computers would you choose? Why?

Applying the Skill
Survey your classmates about an issue in the news. Summarize the opinions and write a paragraph or two comparing and contrasting the different opinions.
Detecting Bias

**Why Learn This Skill?**
Most people have a point of view, or bias. This bias influences the way they interpret and write about events. Recognizing bias helps you judge the accuracy of what you hear or read.

**Learning the Skill**
Follow these steps to learn how to recognize bias:
- Examine the author’s identity, especially his or her views and particular interests.
- Identify statements of fact.
- Identify any expressions of opinion or emotion. Look for words that have positive or negative overtones for clues about the author’s feelings on a topic.
- Determine the author’s point of view.
- Determine how the author’s point of view is reflected in the work.

**Practicing the Skill**
Read the passage and answer the questions that follow.

Sometime in October the U.S. will join China and India in the very small club of countries with at least 300 million residents. This really is a big deal, like hitting 700 home runs in baseball. No other country is expected to reach the 300 million mark for at least 30 more years. . . .

But here are a couple of questions for you to ponder as the U.S. gets closer to the big 300: Is it coincidence that the three countries with the largest populations also have the most dynamic economies in the world? And is it coincidence that the most innovative major industrialized country, the U.S., also has the fastest growing population and the most young people?

No coincidence at all, as it turns out.

—*BusinessWeek*, September 5, 2006

1. What statements of fact are presented in this passage?
2. What opinions are stated?
3. What is the purpose of this passage?
4. What evidence of bias do you find?
Does the author think it is a good thing or a bad thing that the United States is hitting this population milestone?

**Applying the Skill**
Find an editorial in the newspaper that deals with a topic of specific interest to you. Apply the steps for recognizing bias to the editorial. Write a paragraph summarizing your findings.
Synthesizing Information

Why Learn This Skill?
Synthesizing information involves combining information from two or more sources. Information gained from one source often sheds new light upon other information.

Learning the Skill
Follow these steps to learn how to synthesize information:
• Analyze each source separately to understand its meaning.
• Determine what information each source adds to the subject.
• Identify points of agreement and disagreement between the sources. Ask: Can Source A give me new information or new ways of thinking about Source B?
• Find relationships between the information in the sources.

Practicing the Skill
Read the passages and answer the questions that follow.

Source A “The flat tax. In the eyes of many fiscal conservatives, it’s the Holy Grail of public policy: One low income tax rate paid by all but the poorest wage-earners, who are exempt. No loopholes for the rich to exploit. No graduated rates that take a higher percentage of income from people who work hard to earn more. No need for a huge bureaucracy to police fiendishly complex tax laws.”

—BusinessWeek, September 26, 2005

Source B “Under Steve Forbes’ plan the flat [income tax] rate would be 17%. All families would get generous personal exemptions, so that a family of four would not pay taxes until its income exceeded $46,000. To encourage growth, the Forbes plan exempts income that is saved and invested. Which means that the Forbes plan is really a consumption tax. It taxes people based on what they take out of the system, not on what they put in.”

—Forbes, September 29, 2005

1. What is the main subject of each source?
2. Does Source B support or contradict Source A? Explain.
3. Summarize what you learned from both sources.

Applying the Skill
Find two sources of information on banking practices. What are the main ideas in each? How does each add to your understanding of the topic?

▼ Steve Forbes
Critical Thinking Skills

Drawing Conclusions

Why Learn This Skill?
A conclusion is a logical understanding that you reach based on details or facts that you read or hear. When you draw conclusions, you use stated information to figure out ideas that are unstated.

Learning the Skill
Follow these steps to draw conclusions:
• Read carefully for stated facts and ideas.
• Summarize the information and list important facts.
• Apply related information that you may already know.
• Use your knowledge and insight to develop some logical conclusions.

Practicing the Skill
Read the passage and answer the questions that follow.

In the automotive business these days, big is out and small is in. Sales of large sport-utility vehicles are down 45%. Small-car sales have increased 70%. Of course, having suffered from $3-plus-a-gallon gasoline for longer, the rest of the world has been thinking small for years. And there is no production car smaller than the Smart Car from DaimlerChrysler.

But can a car that is just slightly more than 8 feet long and 5 feet high with 15-inch wheels co-exist with the mastodons that rule the American road? . . . Only time will tell.

—BusinessWeek, August 24, 2006

1. What topic is the writer describing?
2. What facts are given in the selection?
3. What do you already know about the subject?
4. What conclusion can you draw about why small-car sales are increasing while sales of large sport-utility vehicles are decreasing?

Applying the Skill
Read one of the “People & Perspectives” features about a prominent economist or entrepreneur in this text. Using the information in the profile, what can you figure out about the life of the person described? Draw three conclusions about this famous person’s life and ideas.
Making Predictions

Why Learn This Skill?
Predicting future events can be difficult and sometimes risky. The more information you have, however, the more accurate your predictions will be. Making good predictions will help you understand what you read.

Learning the Skill
To help you make predictions, follow these steps:
• Gather information about the decision or action.
• Use your knowledge of history and human behavior to identify what consequences could result.
• Analyze each of the consequences by asking: How likely is it that this will occur?

Practicing the Skill
Read the passage and answer the questions that follow.

Google and Yahoo! have been raking in the cash for years, as large advertisers shift more spending to online media. But judging by recent earnings figures from the Internet leaders, the trend is just hitting its stride. . . .

Driving this breakneck growth [in Internet advertising] is the companies’ ability to draw advertising dollars onto the Internet—and away from other media. In 2002, 2.5% of U.S. ad dollars were spent online. The figure is expected to reach 4.6% this year [2005] and 7.5% by 2009, according to researcher eMarketer.

—BusinessWeek, October 21, 2005

1. What trend does the passage describe?
2. Do you think this trend is likely to continue?
3. On what do you base this prediction?
4. What are three possible consequences of this trend?

Applying the Skill
Analyze three articles in the business section of a newspaper. Predict three consequences of the actions in the articles. On what do you base your predictions?
Why Learn This Skill?

Suppose you are not doing well in basketball. You wonder why you cannot do better since you always go to practice, try your best, and pay attention to the coach’s instructions. In order to improve a situation such as this one, you need to identify a specific problem and then take actions to solve it.

Learning the Skill

Follow these steps to help you through the problem-solving process:

• Identify the problem.
• Gather information.
• List possible solutions.
• Consider the advantages and disadvantages of each solution.
• Choose the best solution to your problem and carry it out.
• Evaluate the effectiveness of the solution.

Practicing the Skill

Read the selection and answer the questions that follow.

The soaring price of cement is having a disproportionate effect on lower-middle to middle-income families. Why? Because the denser housing that tends to get built for them uses lots of concrete, which is made from cement, sand, gravel, and water. Designs with lots of concrete are becoming so expensive to build that they’re getting out of the potential buyers’ price range, says Tim Sullivan, president of Sullivan Group Real Estate Advisors. . . .

[Sullivan says] that because of the high price of cement and concrete products, builders are putting more of their efforts into homes that are built primarily of lumber. These are single-family homes or town homes that tend to be aimed at higher-income families. Tall condo and apartment buildings made of concrete are so expensive to build that these days they’re aimed almost exclusively at wealthier buyers. . . .

—BusinessWeek Online, June 9, 2006

1. What problem does the writer present in this selection?
2. What options are available to solve this problem? Can you think of any other options?
3. Explain the solution that was implemented according to the selection.
4. Evaluate the solution described in the passage. Was it successful? How do you determine this?

Applying the Skill

Select an economic problem that needs to be solved. The problem can be anything from how you plan to pay for an upcoming expense to how the United States might solve the problem of funding Social Security long-term. Create a simple presentation in which you identify the problem, list options with their advantages and disadvantages, choose a solution, and evaluate the chosen solution.
Using Line Graphs

Why Learn This Skill?
A graph, like a picture, may present information in a more concise way than words. Line graphs are drawings that compare numerical values. They often are used to compare changes over time or differences between places, groups of items, or other related events.

Learning the Skill
Follow these steps to learn how to understand and use line graphs. Then answer the questions below.

1. Read the title of the graph. This should tell you what to expect or look for.
2. Note the information on the left side of the graph—the vertical axis. The information being compared usually appears on this axis.
3. Note the information along the bottom of the graph—the horizontal axis. Time often appears along this axis.
4. Determine what the line(s) or curve(s) symbolizes.
5. Select a point on the line, then note the date below this point on the horizontal axis and the quantity measured on the vertical axis.
6. Analyze the movement of the line (whether increasing or decreasing over time) or compare lines (if more than one is on the graph) to determine the point being made.

Practicing the Skill
1. About how many people in wholesale and retail businesses were self-employed in 2003? In 2004?
2. How many more people were self-employed professionals in 2003 than in 2001?

Applying the Skill to Economics
1. What trends are shown on the graph?
2. What economic forces might have influenced the changes shown on the graph?
3. What kinds of jobs do you think are represented in each category shown?
Using Bar and Circle Graphs

Why Learn This Skill?
Bar graphs are often used to show changes over time or to compare quantities between similar categories of information. Circle graphs usually show the relationship of parts to a whole.

Learning the Skill
Follow these steps to learn how to understand and use bar graphs.

1. Read the title and labels. They tell you the topic, what is being compared, and how it is counted or measured.
2. Examine a bar on the graph. Note the date below the bar on the horizontal axis and the quantity measured on the vertical axis.
3. Analyze the change over time or compare bars to determine the point being made.

Learning the Skill
Follow these steps to learn how to understand and use circle graphs.

1. Examine the title to determine the subject.
2. Read the legend to see what each segment represents.
3. Compare the relative sizes of the circle segments, thus analyzing the relationship of the parts to the whole.

Practicing the Skill
1. In the bar graph, what year had the lowest spending on air travel?
2. According to the circle graph, what percentage of high school dropouts are employed?

Applying the Skill to Economics
1. Using the bar graph, what projection could you make about the future of air transportation?
2. Based on the circle graph, what can you tell about the employment chances of high-school dropouts?
Using Tables and Charts

**Why Learn This Skill?**

Tables and charts are often used to show comparisons between similar categories of information. Tables usually compare statistical or numerical data. Tabular data is presented in columns and rows. Charts often show a wider variety of information than tables.

**Learning the Skill**

Follow these steps to learn how to understand and use tables. Then answer the questions below.

1. Read the title of the table to learn what content is being presented.
2. Read the headings in the top row. They define the groups or categories of information to be compared.
3. Examine the labels in the left-hand column. They describe ranges or subgroups and are often organized chronologically or alphabetically.
4. Note the source of the data. It may tell you about the reliability of the information in the table.
5. Compare the data presented in the other columns. This is the body of the table.

**Number of Full-Time Workers by Age and Gender (in thousands)**

<table>
<thead>
<tr>
<th>Age</th>
<th>Total</th>
<th>%</th>
<th>Male</th>
<th>%</th>
<th>Female</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 to 19 years old</td>
<td>580,704</td>
<td>4.7</td>
<td>288,653</td>
<td>4.5</td>
<td>291,099</td>
<td>4.9</td>
</tr>
<tr>
<td>20 to 24 years old</td>
<td>1,334,383</td>
<td>10.8</td>
<td>699,181</td>
<td>10.9</td>
<td>635,666</td>
<td>10.7</td>
</tr>
<tr>
<td>25 to 34 years old</td>
<td>2,817,031</td>
<td>22.8</td>
<td>1,539,480</td>
<td>24.0</td>
<td>1,283,213</td>
<td>21.6</td>
</tr>
<tr>
<td>35 to 44 years old</td>
<td>3,051,784</td>
<td>24.7</td>
<td>1,603,625</td>
<td>25.0</td>
<td>1,443,164</td>
<td>24.3</td>
</tr>
<tr>
<td>45 to 54 years old</td>
<td>2,804,676</td>
<td>22.7</td>
<td>1,404,776</td>
<td>21.9</td>
<td>1,402,029</td>
<td>23.6</td>
</tr>
<tr>
<td>55 to 64 years old</td>
<td>1,420,871</td>
<td>11.5</td>
<td>712,010</td>
<td>11.1</td>
<td>712,896</td>
<td>12.0</td>
</tr>
<tr>
<td>65 years and older</td>
<td>345,951</td>
<td>2.8</td>
<td>173,192</td>
<td>2.7</td>
<td>178,224</td>
<td>3.0</td>
</tr>
</tbody>
</table>


**Practicing the Skill**

1. What age group has the most workers?
2. What age group has the smallest percentage of female full-time workers?
3. Which age groups have a higher percentage of male than female full-time workers?

**Applying the Skill to Economics**

1. What age-related trends do you notice in this table?
2. What conclusions could you draw from this data about the peak working years for most U.S. workers?
3. At what age do people apparently begin to retire from full-time work?
Sequencing Events

Why Learn This Skill?
Sequencing involves placing facts in the order in which they occurred. Sequencing helps you deal with large quantities of information in an understandable way. In economics, sequencing can help economists understand cause-and-effect relationships between events. This in turn helps analysts to predict outcomes of various events or policies.

Learning the Skill
To sequence events, follow these steps:
• Look for dates or clue words that provide you with chronological order: in 2007, the late 1990s, first, then, finally, after the Great Depression, and so on.
• Arrange facts in the order in which they occurred.
• You might use an organizational tool such as a time line to sequence events so that it is easy to see a chronology as well as any cause-and-effect relationships that occur between events.

Practicing the Skill
Read the passage and answer the questions that follow.

At about eight in the morning on June 16, a young man named Remi Frazier from Fort Collins, Colo., sat down on a bench in Manhattan’s Columbus Circle, glued a cell phone to his ear, and spread a New York City map across his lap. By early afternoon he had launched an unlikely entrepreneurial project—to make $1 million within one month, using only a cell phone, a digital video camera, and a $100 bill. His self-imposed set of rules also meant he had made no advance contact with anyone in the city.

To achieve his goal, Frazier, 27, planned to build a volunteer network of business consultants, conceptualize and design a product, conduct market research for that product, and finally manufacture and sell it on a wide scale. He would have 30 days to complete what a startup usually takes years to do.

—BusinessWeek, June 30, 2006

1. What dates or clue words in this passage can help you determine the sequence of events being described?

2. Fill in a time line such as the one below to show the sequence of events described in the selection.

First Event Final Event

Applying the Skill to Economics
Find a newspaper or magazine article about a local business. Sequence the information presented in the article in a time line or chart.
Comparing Data

Why Learn This Skill?
Economists compare data in order to identify economic trends, draw conclusions about the relationships of sets of economic information, analyze the effectiveness of economic programs, or perform other types of analysis. It is often easiest to compare data that is organized in charts, tables, or graphs.

Learning the Skill
Follow these steps to compare and contrast data:
• Look at each set of data separately to understand what each one means on its own.
• Look for relationships among the sets of data. Ask yourself: How are these sets of information connected to each other?
• Note similarities and differences among the sets of data.
• Draw conclusions about what the sets of data, taken together, might mean.

Practicing the Skill
Compare the data in the charts at the bottom of the page, and then answer the questions below.
1. Look at the left graph. What was the overall trend in manufacturing employment from 1996 to 2005?
2. Look at the right graph. What was the overall trend in professional and business employment during the same period?
3. How are the data in the two charts related?
4. What conclusions can you draw about the two areas of employment?

Applying the Skill to Economics
Look in a world almanac or on the Internet to find two sets of data about an economic topic of your choice. Compare the data and draw at least two conclusions based on your analysis. Share your conclusions with a partner.
Understanding Percentages

Why Learn This Skill?
If you shop, you probably like seeing the word percent, as in “30 percent off.” Stores often advertise sale prices as a percent of regular prices. Percent means “parts per hundred.” So, 30 percent means the same thing as 30/100 or 0.30. Expressing change as a percentage allows you to analyze the relative size of the change.

Learning the Skill
Follow these steps to learn how to calculate and use percentages.
Then answer the questions below.

1. Suppose a pair of shoes is on sale for 30 percent off the regular price. Calculate the discount by multiplying the original price by the sale percentage. Change percent to a decimal before you multiply.

2. Find the sale price by subtracting the discount from the regular price.

3. Or, figure the sale price by multiplying the regular price by the percent you will pay. (Subtract the sale percentage from 100 to get the percent you will pay.) Change percent to a decimal before you multiply.

4. Calculate an increase in sales by subtracting the quantity sold last year from the quantity sold this year.

5. Determine the percentage change by dividing the arithmetic difference by the original quantity. Multiply by 100 to change the decimal to percent.

Practicing the Skill

1. A store advertises a shirt at 25 percent off the original price of $44. What is the sale price?

2. What is the percentage increase in high school enrollment from 1,165 students to 1,320?

Applying the Skill to Economics

The total number of digital single music tracks downloaded online or to mobile phones rose to 470 million units in 2005, up from 160 million in 2004. What was the percentage change of single-track downloads from 2004 to 2005?
Determining Averages

Why Learn This Skill?
The most commonly used summary statistic is the average. There are two ways to compute the average: by using the mean or the median. The mean is the average of a series of items. When your teacher computes the class average, he or she is really computing the mean. Sometimes using the mean to interpret statistics is misleading, however. This is especially true if one or two numbers in the series are much higher or lower than the others. The median can be more accurate. The median is the midpoint in any series of numbers arranged in order.

Learning the Skill
Follow these steps to learn how to determine and use averages.

1. Suppose you want to find the mean weekly salary for a group of teenagers. First, add all the earnings together.

2. Divide the sum by the number of students to find the mean.

3. Locate the median by finding the midpoint in the series ($41). Compare the mean with the median. Determine which is the more useful statistic.

4. Suppose you want to calculate the median for the four highest-paid students. First, arrange the numbers in order, from least to greatest.

5. When an even number of figures is in the series, the median is the mean of the two middle numbers. Follow steps 1 and 2 to find the mean.

Applying the Skill to Economics

1. What is the mean monthly rent for these four cities?
2. What is the median monthly rent?

<table>
<thead>
<tr>
<th>City</th>
<th>Monthly Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miami, FL</td>
<td>$971</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>$709</td>
</tr>
<tr>
<td>Boston, MA</td>
<td>$1,216</td>
</tr>
<tr>
<td>Los Angeles, CA</td>
<td>$1,330</td>
</tr>
</tbody>
</table>

Students' Weekly Earnings From After-School Jobs
- $20
- $32
- $34
- $41
- $53
- $65
- $175

 Median Weekly Income of the Four Highest-Paid Students

<table>
<thead>
<tr>
<th>Weekly Income</th>
<th>$41</th>
<th>$53</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add numbers</td>
<td>$118</td>
<td></td>
</tr>
<tr>
<td>Divide by 2</td>
<td>$59</td>
<td></td>
</tr>
</tbody>
</table>

Practicing the Skill
1. What is the mean salary for the four lowest-paid students?
2. What is the median salary for the four lowest-paid students?
Understanding Nominal and Real Values

Why Learn This Skill?
The rise in the economy’s average price level is called inflation. To make comparisons between the prices of things in the past and those of today, you have to make the distinction between nominal, or current, and real, or adjusted for inflation, values. You can use the consumer price index (CPI), an index of average prices for consumer goods, to calculate real values. Then you can accurately compare changes in income and prices over time.

Learning the Skill
Follow these steps to learn how to calculate nominal and approximate real values when price changes are small.

1. Suppose a family sells a house after living there for 10 years. To calculate whether they made any profit from the sale, they need to know the real sale price of their house. First, find the nominal price increase.

2. Calculate the nominal percentage increase in price. Divide the amount of increase by the original price and multiply by 100 to express the answer as a percent.

3. Determine the percentage increase in the consumer price index. First find the actual change in CPI. Then divide the amount of increase by the original CPI and multiply by 100.

4. Determine the percentage increase in real price. Subtract the percentage increase in CPI from the percentage increase in nominal price. Evaluate the sales in real values.

5. Suppose that last year you earned $10 per hour. You receive a 5 percent raise. The CPI is 3 percent higher than last year’s CPI, which means there is a 3 percent inflation rate.

6. Calculate the real salary increase by subtracting the inflation rate from the nominal raise.

Practicing the Skill
1. What was the nominal price increase on the sale of the house?
2. How much money, in real dollars, was made on the house?
3. How much was the real value of the raise?

Applying the Skill to Economics
From 2004 to 2005, the cost of employer health insurance premiums increased by 9.2 percent—nearly three times the rate of inflation. Based on this information, what was the inflation rate that year? How could you adjust the cost of health insurance for inflation?
Understanding Interest Rates

Why Learn This Skill?
When you deposit money in a savings account, the bank pays you interest for the use of
your money. The amount of interest is expressed as a percent, such as 6 percent, for a time
period, such as per year. Two types of interest exist: simple and compound. Simple interest
is figured only on the principal, or original deposit, not on any interest earned. Compound
interest is paid on the principal plus any interest that has been earned.

Learning the Skill
Follow these steps to learn how to understand and calculate interest rates.

1. Suppose you deposit $100 in a savings account that earns 6 percent simple interest per year. Get ready to figure your earnings by converting 6 percent to a decimal.

   Simple Interest
   
   \[
   6\% = 0.06 \quad \begin{array}{c}
   \$100 \\
   \times 0.06 \\
   \$6.00 \\
   \end{array} + \begin{array}{c}
   \$100 \\
   + 6 \\
   \$112 \\
   \end{array}
   \]

2. To calculate the simple interest earned, multiply the principal by the interest rate.

3. Calculate the account balance for the first two years, assuming the bank pays the same interest rate each year. Add the principal, the first year’s interest, and the second year’s interest.

4. Suppose you deposit $100 in a savings account that earns 6 percent compound interest per year. Calculate the interest earned the first year.

   Compound Interest
   
   \[
   \begin{array}{c}
   \$100 \\
   \times 0.06 \\
   \$6.00 \\
   \$106.00 \\
   \end{array} + \begin{array}{c}
   \$106 \\
   + 6 \\
   \$112.36 \\
   \end{array}
   \]

5. Find the bank balance for the end of the first year. Add the principal and first year’s interest.

6. Determine the interest earned in the second year. Multiply the new balance by the interest rate.

7. Figure the total bank balance after two years. Add the second year’s interest to the first year’s balance.

Practicing the Skill
1. What would be the difference in earnings between simple and compound interest if your initial balance was $1,000 rather than $100?
2. What would be the difference in earnings between simple and compound interest on your $100 savings after five years?

Applying the Skill to Economics
1. What would be the impact of compounding interest on a daily basis rather than an annual basis?
2. Banks often pay higher rates of interest on money you agree to keep in the bank for longer periods of time. Explain why this might be.
Interpreting Political Cartoons

Why Learn This Skill?
Political cartoonists use art to express opinions. Their work appears in newspapers, magazines, books, and on the Internet. Political cartoons usually focus on public figures, political events, or economic or social conditions. They can give you a summary of an event or circumstance and the artist’s opinion in a quick, entertaining manner.

Learning the Skill
To interpret a political cartoon, follow these steps:

1. Read the title, caption, or conversation balloons. They help you identify the subject of the cartoon.
2. Identify the characters or people shown. They may be caricatures, or unrealistic drawings that exaggerate the characters' physical features.
3. Identify any symbols shown. Symbols are things that stand for something else. Commonly recognized symbols may not be labeled. Unusual symbolism will be labeled.
4. Examine the actions in the cartoon—what is happening and why?
5. Identify the cartoonist’s purpose. What statement or idea is he or she trying to get across? Decide if the cartoonist wants to persuade, criticize, or just make people think.

Practicing the Skill
1. What is “cow tipping”? What does this imply about the U.S. economy as it is pictured in the cartoon?
2. What does the rhinoceros represent? Why might the cartoonist have chosen this particular symbol?
3. What overall message do you think the cartoonist is trying to send?

Applying the Skill to Economics
Bring a newspaper or business magazine to class. With a partner, analyze the message in each political cartoon that you find.
Reading Stock Market Reports

Why Learn This Skill?
A stock market report alphabetically lists stocks and provides information about stock prices and trades. Every business day, shares of stock are bought and sold. At the beginning of each trading day, stocks open at the same prices they closed at the day before. Prices generally go up and down throughout the day as the conditions of supply and demand change. At the end of the day, each stock’s closing price is recorded.

Learning the Skill
Follow these steps to learn how to understand and use the financial page.

1. Locate the stock in the alphabetical list. Names are abbreviated.
2. Examine the stock’s history over the last 52 weeks. The high and low prices for one share of stock appear.
3. Note the ticker symbol, or computer code, for the stock.
4. Evaluate the annual dividend. Stockholders receive this dividend, or payment, for each share of stock they own.
5. Review the yield. The yield is the return on investment per share of stock. It is calculated by dividing the dividend by the closing price.
6. Read the price/earnings ratio. Lower price/earnings ratios generally mean more earnings per share.
7. Note the volume, or number of shares of stock, traded that day. The number given represents hundreds of shares.
8. Examine the day’s high, low, and closing stock price.
9. Examine how the day’s closing stock price compares with the prior business day’s closing price. Positive numbers indicate a price increase. Negative numbers mean a price drop.

<table>
<thead>
<tr>
<th>52 Weeks</th>
<th>Stock Quotations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hi</td>
<td>Lo</td>
</tr>
<tr>
<td>86.40</td>
<td>47.87</td>
</tr>
<tr>
<td>475.11</td>
<td>290.69</td>
</tr>
<tr>
<td>27.49</td>
<td>16.75</td>
</tr>
</tbody>
</table>

Practicing the Skill
1. How many shares of Google stock were traded on the day shown?
2. What was the day’s highest price for a share of Apple Computer stock?
3. Which stock had the greatest increase in closing price from the previous day?

Applying the Skill to Economics
If you had purchased 100 shares of Intel stock at its lowest 52-week price and sold it at this day’s closing price, how much money would you have made?
The data and forecasts for the graphs, tables, and charts in the Databank are based on information from Standard & Poor’s.

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The American People

U.S. Population Projections, 2000–2050

Source: U.S. Bureau of the Census

Civilian Labor Force, 1950–2010

Source: Department of Labor, Bureau of Labor Statistics

*Estimate
The American People

Hours and Earnings in Private Industries, 1960–2006

A  Average Weekly Hours of Production Workers

B  Average Weekly Earnings of Production Workers, Current Dollars

C  Average Weekly Earnings, 1982 Dollars

Source: Bureau of Labor Statistics
Real Personal Consumption Expenditures, 1990–2005

Source: Department of Commerce, Bureau of Economic Analysis

Personal Consumption Expenditures, 1960–2005

Source: Department of Commerce, Bureau of Economic Analysis
The U.S. Economy

Average Prices of Selected Goods, 1990–2006

- **Electricity per 500 KWH**
- **Utility natural gas, 40 therms**
  
  *(1 therm = 100,000 British thermal units)*

- **Gasoline, all types, per gallon**
- **Gasoline, unleaded regular, per gallon**

- **Ground chuck, 100% beef, per pound**
- **Eggs, 1 dozen large**
- **Chicken, per pound**
- **White bread, per pound**

- **Tomatoes, per lb.**
- **Apples, red delicious, per lb.**
- **Bananas, per lb.**

*Source: Bureau of Labor Statistics; U.S. city average prices for July*
The U.S. Economy


Inflation in Consumer Prices, 1950–2006

Source: Bureau of Labor Statistics

- National Defense
- Non-Defense

**Source:** The Federal Budget for Fiscal Year 2007, Historical Tables

*Estimate

Total Government Expenditures, 1965–2005

- Federal Expenditures
- State and Local Expenditures

**Source:** Economic Report of the President, 2006
The Government Sector

Federal Government Total Receipts and Total Outlays, 1950–2007

Source: Economic Report of the President, 2006
*2006 and 2007 are estimates

Federal Debt Held by the Public, 1950–2007

Source: Economic Report of the President, 2006
*2006 and 2007 are estimates

Federal Debt Held by the Public Per Capita, 1950–2007

Source: Economic Report of the President, 2006
*Estimate
The Government Sector

Federal Budget Receipts, 1990–2010

### A. Federal Budget Receipts

- **Year**
  - 1990
  - 2000
  - 2010*

- **Billions of dollars**
  - 0
  - 500
  - 1,000
  - 1,500
  - 2,000
  - 2,500
  - 3,000

### B. Individual Income Taxes

- **Year**
  - 1990
  - 2000
  - 2010*

- **Billions of dollars**
  - 0
  - 500
  - 1,000
  - 1,500
  - 2,000

### C. Employment Taxes

- **Year**
  - 1990
  - 2000
  - 2010*

- **Billions of dollars**
  - 0
  - 500
  - 1,000
  - 1,500

### D. Corporate Income Taxes

- **Year**
  - 1990
  - 2000
  - 2010*

- **Billions of dollars**
  - 0
  - 50
  - 100
  - 150

### E. Excise Taxes

- **Year**
  - 1990
  - 2000
  - 2010*

- **Billions of dollars**
  - 0
  - 30
  - 60
  - 90

### F. Other Receipts

- **Year**
  - 1990
  - 2000
  - 2010*

- **Billions of dollars**
  - 0
  - 40
  - 80
  - 120

### Percentage of Total Receipts

- **1990**
  - Individual Income Taxes: 36.8%
  - Employment Taxes: 9.1%
  - Corporate Income Taxes: 8.9%
  - Excise Taxes: 10.2%
  - Other Receipts: 32.2%

- **2000**
  - Individual Income Taxes: 36.0%
  - Employment Taxes: 10.2%
  - Corporate Income Taxes: 7.9%
  - Excise Taxes: 32.2%
  - Other Receipts: 9.1%

- **2010**
  - Individual Income Taxes: 49.6%
  - Employment Taxes: 9.8%
  - Corporate Income Taxes: 6.5%
  - Excise Taxes: 45.2%
  - Other Receipts: 36.0%

*Source: Federal Budget for FY 2007, Historical Tables

*Estimates
The Financial Sector

Interest Rates, 1960–2005

Year

Prime rate charged by banks

Treasury Bill Rate

Consumer Credit Outstanding, 1985–2005

<table>
<thead>
<tr>
<th>Total Consumer Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
</tr>
<tr>
<td>1995</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>$599.7 billion</td>
</tr>
<tr>
<td>$1,141.4 billion</td>
</tr>
<tr>
<td>$2,147.9 billion</td>
</tr>
</tbody>
</table>

Nonrevolving (includes loans for vacations, education, automobiles, etc.)
Revolving (includes credit card, check credit)

Source: Board of Governors of the Federal Reserve System
Money Stock, 1975–2005

M1 consists of all currency and checkable deposits.
M2 consists of M1 plus noncheckable savings accounts, money market deposit accounts, time deposits, and money market mutual funds.

Source: Board of Governors of the Federal Reserve System
The Global Economy

Population

- Low-income countries (54 countries)
- Middle-income countries (98 countries)
- High-income countries (56 countries)

Gross National Income

- Low-income countries (54 countries)
- Middle-income countries (98 countries)
- High-income countries (56 countries)

Gross Domestic Product

- Low-income countries (54 countries)
- Middle-income countries (98 countries)
- High-income countries (56 countries)

Source: International Monetary Fund
### World Population by Age, 2000–2050

<table>
<thead>
<tr>
<th>Year</th>
<th>Total: 6.08 billion</th>
<th>Total: 7.84 billion</th>
<th>Total: 9.10 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td><img src="image" alt="0–19 Years" /></td>
<td><img src="image" alt="20–64 Years" /></td>
<td><img src="image" alt="65 and Older" /></td>
</tr>
<tr>
<td>2025*</td>
<td><img src="image" alt="0–19 Years" /></td>
<td><img src="image" alt="20–64 Years" /></td>
<td><img src="image" alt="65 and Older" /></td>
</tr>
<tr>
<td>2050*</td>
<td><img src="image" alt="0–19 Years" /></td>
<td><img src="image" alt="20–64 Years" /></td>
<td><img src="image" alt="65 and Older" /></td>
</tr>
</tbody>
</table>

**Source:** U.S. Bureau of the Census  
*Estimate

### Countries Ranked by Population, 2000 and 2050

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 2000 Population (in millions)</th>
<th>Year 2000 Rank</th>
<th>Year 2050* Population (in millions)</th>
<th>Year 2050* Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,261</td>
<td>1</td>
<td>1,470</td>
<td>(2)</td>
</tr>
<tr>
<td>India</td>
<td>1,014</td>
<td>2</td>
<td>1,620</td>
<td>(1)</td>
</tr>
<tr>
<td>United States</td>
<td>276</td>
<td>3</td>
<td>404</td>
<td>(3)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>224</td>
<td>4</td>
<td>338</td>
<td>(4)</td>
</tr>
<tr>
<td>Brazil</td>
<td>173</td>
<td>5</td>
<td>207</td>
<td>(7)</td>
</tr>
<tr>
<td>Russia</td>
<td>146</td>
<td>6</td>
<td>118</td>
<td>(14)</td>
</tr>
<tr>
<td>Pakistan</td>
<td>142</td>
<td>7</td>
<td>268</td>
<td>(6)</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>129</td>
<td>8</td>
<td>205</td>
<td>(8)</td>
</tr>
<tr>
<td>Japan</td>
<td>127</td>
<td>9</td>
<td>101</td>
<td>(16)</td>
</tr>
<tr>
<td>Nigeria</td>
<td>123</td>
<td>10</td>
<td>304</td>
<td>(5)</td>
</tr>
<tr>
<td>Mexico</td>
<td>100</td>
<td>11</td>
<td>153</td>
<td>(12)</td>
</tr>
</tbody>
</table>

**Source:** U.S. Bureau of the Census  
*Estimate

---

The Global Economy

Source: Standard & Poor's Databank
Aging Index in Selected Nations of the Americas, 2000 and 2025

The aging index indicates the number of persons aged 60 and over compared to every 100 persons under age 15. An aging index of 100 means that there is an equal number of people over the age of 60 and under the age of 15.

Median Age, World, 1975–2025

Source: U.S. Bureau of the Census
*Estimate
U.S. Exports and Imports, 1960–2005

[Graph showing U.S. exports and imports from 1960 to 2005 with two lines representing exports and imports over time.]

Inflation and Unemployment, Selected Economies 1990–2005

[Graph showing consumer prices and unemployment rates for selected economies from 1990 to 2005.]

Source: Economic Report of the President, 2006

Source: International Monetary Fund

*Based on national definitions
GROSS DOMESTIC PRODUCT (GDP)

- North America
- South America
- Europe
- Africa
- Asia
- Australia & Oceania

Each square represents $100 of per capita GDP.


Not all countries shown
<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>$30,700</td>
</tr>
<tr>
<td>East Timor (Timor-Leste)</td>
<td>$400</td>
</tr>
<tr>
<td>Tonga</td>
<td>$5,900</td>
</tr>
<tr>
<td>Fiji</td>
<td>$5,900</td>
</tr>
<tr>
<td>American Samoa (U.S.)</td>
<td>$8,000</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>$800</td>
</tr>
<tr>
<td>Kiribati</td>
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</tr>
<tr>
<td>Sweden</td>
<td>$28,400</td>
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<td>Egypt</td>
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<td>Saudi Arabia</td>
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<tr>
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</tr>
</tbody>
</table>
POPULATION GROWTH RATE (excluding effects of migration)

- 3% and above
- 2-2.9%
- 1-1.9%
- 0-.9%
- Population loss

Each square represents one million people.


Not all countries shown

Reference Atlas
<table>
<thead>
<tr>
<th>English</th>
<th>Español</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ability-to-pay principle of taxation</strong></td>
<td>principio de tributación: con base en la solvencia: creencia que los impuestos se deben pagar de acuerdo al nivel de ingresos sin considerar los beneficios recibidos (p. 234)</td>
</tr>
<tr>
<td><strong>absolute advantage</strong></td>
<td>ventaja absoluta: habilidad de un país para producir más de un producto en particular que los otros países (p. 443)</td>
</tr>
<tr>
<td><strong>accelerated depreciation</strong></td>
<td>depreciación acelerada: programa que extiende la depreciación durante menos años de lo normal para generar mayores reducciones de impuestos (p. 249)</td>
</tr>
<tr>
<td><strong>accelerator</strong></td>
<td>acelerador: cambio en el gasto causado por un cambio en el gasto global (p. 421)</td>
</tr>
<tr>
<td><strong>accommodate</strong></td>
<td>*acomodar: dar cabida (p. 46)</td>
</tr>
<tr>
<td><strong>accumulation</strong></td>
<td>*acumulación: colección gradual de bienes (p. 14)</td>
</tr>
<tr>
<td><strong>acid rain</strong></td>
<td>lluvia ácida: contaminación en la forma de agualluvia mezclada con dióxido de sulfuro que constituye una forma leve de ácido sulfúrico (p. 516)</td>
</tr>
<tr>
<td><strong>adequate</strong></td>
<td>*adecuado: lo suficiente para satisfacer una exigencia (p. 108)</td>
</tr>
<tr>
<td><strong>adverse</strong></td>
<td>*adverso: desfavorable o nocivo (p. 45)</td>
</tr>
<tr>
<td><strong>advocates</strong></td>
<td>*defensores: personas que dan apoyo; hablan en favor de (p. 433)</td>
</tr>
<tr>
<td><strong>agency shop</strong></td>
<td>taller gremial: arreglo por el cual aquellos que no son miembros del sindicato tienen que pagar cuotas al mismo (p. 204)</td>
</tr>
<tr>
<td><strong>aggregate demand</strong></td>
<td>demanda agregada: cantidad total de bienes y servicios demandados a varios precios (p. 415)</td>
</tr>
<tr>
<td><strong>aggregate demand curve</strong></td>
<td>curva de demanda agregada: curva hipotética que muestra distintos niveles del PIB real que se podrían producir a distintos niveles de precio (p. 415)</td>
</tr>
<tr>
<td><strong>aggregate supply</strong></td>
<td>oferta agregada: valor total de bienes y servicios que todas las empresas producirán durante un periodo especifico a varios precios (p. 414)</td>
</tr>
<tr>
<td><strong>aggregate supply curve</strong></td>
<td>curva de oferta agregada: curva hipotética que muestra distintos niveles del PIB real que se podrían producir a distintos niveles de precio (p. 414)</td>
</tr>
<tr>
<td>English</td>
<td>Español</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>*allocate: to assign (p. 36)</td>
<td>*asignar: adjudicar (p. 36)</td>
</tr>
<tr>
<td>*alternative: the second of two choices (p. 20)</td>
<td>*alternativa: la segunda de dos opciones (p. 20)</td>
</tr>
<tr>
<td><strong>alternative minimum tax:</strong> personal income tax rate that applies to cases where taxes would otherwise fall below a certain level (p. 249)</td>
<td>impuesto mínimo alternativo: índice de impuesto sobre la renta que se aplica a casos en los que los impuestos de otro modo caerían por debajo de cierto nivel (p. 249)</td>
</tr>
<tr>
<td>*ambiguity: uncertainty about meaning or value (p. 267)</td>
<td>*ambigüedad: incertidumbre acerca del significado o valor (p. 267)</td>
</tr>
<tr>
<td>*analyze: to break down into parts and study how each part relates to one another (p. 80)</td>
<td>*analizar: descomponer en partes y estudiar cómo cada parte se relaciona con las otras (p. 80)</td>
</tr>
<tr>
<td>*anticipate: to expect or be sure of in advance (p. 211)</td>
<td>*anticipar: esperar o estar seguro de algo por adelantado (p. 211)</td>
</tr>
<tr>
<td><strong>appropriations bill:</strong> legislation authorizing spending for certain purposes (p. 268)</td>
<td>proyecto de ley para asignación de fondos: legislación para asignar fondos para determinados fines (p. 268)</td>
</tr>
<tr>
<td>*arbitrarily: randomly or by chance (p. 157)</td>
<td>*arbitramiento: al azar o por casualidad (p. 157)</td>
</tr>
<tr>
<td>arbitration: agreement by two parties to place a dispute before a third party for a binding settlement; also called binding arbitration (p. 212)</td>
<td>arbitraje: acuerdo entre dos partes de anteponer la disputa ante un tercero para obtener un acuerdo obligatorio, también conocido como arbitraje obligatorio (p. 212)</td>
</tr>
<tr>
<td><strong>ASEAN:</strong> group of ten Southeast Asian nations working to promote regional cooperation, economic growth, and trade (p. 484)</td>
<td>ASEAN (siglas en inglés): grupo de diez naciones del sudeste asiático que trabajan para promover la cooperación, crecimiento económico y comercio regional (p. 484)</td>
</tr>
<tr>
<td>*aspects: parts, phases (p. 401)</td>
<td>*aspectos: partes, fases (p. 401)</td>
</tr>
<tr>
<td>*assumption: something taken for granted (p. 23)</td>
<td>*presunción: algo que se da por sentado (p. 23)</td>
</tr>
<tr>
<td>automatic stabilizer: program that automatically provides benefits to offset a change in people’s incomes; unemployment insurance, entitlement programs (p. 422)</td>
<td>estabilizador automático: programa que automáticamente provee beneficios para compensar por un cambio en los ingresos de la gente; seguro de desempleo, programas de derecho a gratificación (p. 422)</td>
</tr>
<tr>
<td>average tax rate: total taxes paid divided by the total taxable income (p. 235)</td>
<td>tasa impositiva media: total de impuestos pagados divididos por el total de renta imponible (p. 235)</td>
</tr>
<tr>
<td>baby boom: historically high birthrate years in the United States from 1946 to 1964 (p. 332)</td>
<td>auge de bebés: período entre 1946 y 1964 durante le cual hubo un alza en la tasa de natalidad en los Estados Unidos (p. 332)</td>
</tr>
<tr>
<td>baby boomers: people born in the United States during the historically high birthrate years from 1946 to 1964 (p. 432)</td>
<td>baby boomers: personas nacidas durante el período transcurrido entre los años 1946 a 1964 en los Estados Unidos (p. 432)</td>
</tr>
<tr>
<td>balance of payments: difference between money paid to, and received from, other nations in trade; balance on current account includes goods and services, merchandise trade balance counts only goods (p. 452)</td>
<td>balanza de pagos: diferencia entre dinero que se paga o que se recibe de otras naciones en actividad comercial; el balance de cuenta corriente incluye bienes y servicios, la balanza comercial de mercancía toma en cuenta sólo los bienes (p. 452)</td>
</tr>
<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>balanced budget</strong> • <strong>boycott</strong></td>
<td></td>
</tr>
<tr>
<td>balanced budget: annual budget in which expenditures equal revenues (p. 276)</td>
<td>presupuesto balanceado: presupuesto anual en el que los gastos están a la par con los ingresos (p. 278)</td>
</tr>
<tr>
<td>balanced budget amendment: constitutional amendment requiring government to spend no more than it collects in taxes and other revenues, excluding borrowing (p. 271)</td>
<td>enmienda al presupuesto balanceado: enmienda constitucional estatal o federal que requiere que el gobierno no gaste más de lo que recauda en impuestos y otros ingresos, a exclusión de préstamos (p. 271)</td>
</tr>
<tr>
<td>bank holiday: brief period during which all banks or depository institutions are closed to prevent bank runs (p. 395)</td>
<td>cierre bancario: breve período durante el cual todos los bancos o instituciones de depósito cierran para evitar los pánicos bancarios (p. 395)</td>
</tr>
<tr>
<td>bank holding company: company that owns and controls one or more banks (p. 407)</td>
<td>compañía tenedora bancaria: compañía que posea y controle uno o más bancos (p. 407)</td>
</tr>
<tr>
<td>bank run: sudden rush by depositors to withdraw all deposited funds, generally in anticipation of bank failure or closure (p. 395)</td>
<td>pánico bancario: prisa repentina de los depositantes por sacar todos sus fondos, generalmente en anticipación a la quiebra o cierre del banco (p. 395)</td>
</tr>
<tr>
<td>barter economy: moneyless economy that relies on trade or barter (p. 384)</td>
<td>economía de trueque: economía sin dinero que depende del comercio o trueque (p. 384)</td>
</tr>
<tr>
<td>base year: year serving as point of comparison for other years in a price index or other statistical measure (pp. 221, 321, 362)</td>
<td>año base: año que sirve como punto de comparación para otros años en un índice de precios u otra estadística (pp. 221, 321, 362)</td>
</tr>
<tr>
<td>bear market: period during which stock market prices move down for several months or years in a row (p. 310)</td>
<td>mercado en descenso: período durante el cual los precios de la bolsa bajan por varios meses o años seguidos (p. 310)</td>
</tr>
<tr>
<td>benefit principle of taxation: belief that taxes should be paid according to benefits received regardless of income (p. 234)</td>
<td>principio de tributación sobre beneficios: creencia de que los impuestos se deben pagar de acuerdo con los beneficios que se reciban independientemente del nivel de ingreso (p. 234)</td>
</tr>
<tr>
<td>beneficiary: person designated to take ownership of an asset if the owner of the asset dies (p. 301)</td>
<td>beneficiario: persona designada para tomar propiedad de un bien si el poseedor del bien muere (p. 301)</td>
</tr>
<tr>
<td>Better Business Bureau: business-sponsored nonprofit organization providing information on local companies to consumers (p. 82)</td>
<td>Better Business Bureau: organización sin fines de lucro patronizada por el comercio la cual provee al consumidor información acerca de las compañías locales (p. 82)</td>
</tr>
<tr>
<td>binding arbitration: see arbitration (p. 212)</td>
<td>arbitraje obligatorio: ver arbitration (p. 212)</td>
</tr>
<tr>
<td>biomass: energy made from wood, peat, municipal solid waste, straw, corn, tires, landfill gasses, fish oils, and other waste (p. 512)</td>
<td>biomasa: energía proveniente de madera, turba, desperdicios sólidos municipales, paja, maíz, biogás, aceites de pescado y otros desechos (p. 512)</td>
</tr>
<tr>
<td>black market: market in which economic products are sold illegally (p. 491)</td>
<td>mercado negro: mercado en el cual se venden productos económicos ilegalmente (p. 491)</td>
</tr>
<tr>
<td>bond: formal contract to repay borrowed money and interest on the borrowed money at regular future intervals (pp. 69, 297)</td>
<td>fianza: contrato formal para devolver el dinero y los intereses sobre dinero prestado durante intervalos sistemáticos en el futuro (pp. 69, 297)</td>
</tr>
<tr>
<td>boycott: protest in the form of a refusal to buy, including attempts to convince others to join (p. 199)</td>
<td>boicot: protesta en la forma de rehusar a comprar, que incluye el esfuerzo para convencer a otras personas a tampoco comprar (p. 199)</td>
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<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
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<tr>
<td><strong>break-even point</strong>: production level where total cost equals total revenue; production needed if the firm is to recover its costs (p. 135)</td>
<td><strong>punto de equilibrio</strong>: nivel de producción en el que el costo total iguala a la recaudación total; producción necesaria si la firma ha de recuperar sus costos (p. 135)</td>
</tr>
<tr>
<td><strong>budget deficit</strong>: a negative balance after expenditures are subtracted from revenues (p. 269)</td>
<td><strong>déficit presupuestal</strong>: balance negativo después de restar los gastos a la recaudación (p. 269)</td>
</tr>
<tr>
<td><strong>budget surplus</strong>: a positive balance after expenditures are subtracted from revenues (p. 269)</td>
<td><strong>superávit presupuestal</strong>: balance positivo después de restar los gastos a la recaudación (p. 269)</td>
</tr>
<tr>
<td><strong>bull market</strong>: period during which stock market prices move up for several months or years in a row (p. 310)</td>
<td><strong>mercado en ascenso</strong>: período durante el cual los precios de la bolsa suben por varios meses o años seguidos (p. 310)</td>
</tr>
<tr>
<td><strong>business cycles</strong>: systematic changes in real GDP marked by alternating periods of expansion and contraction (p. 353)</td>
<td><strong>ciclo comercial</strong>: cambios sistemáticos en el PIB real acentuados por periodos alternantes de expansión y contracción (p. 353)</td>
</tr>
<tr>
<td><strong>business fluctuation</strong>: changes in real GDP marked by alternating periods of expansion and contraction that occur on an irregular basis (p. 353)</td>
<td><strong>fluctuación comercial</strong>: cambios en el PIB acentuados por períodos alternantes de expansión y contracción que ocurren irregularmente (p. 353)</td>
</tr>
<tr>
<td><strong>call option</strong>: futures contract giving investors the option to cancel a contract to buy commodities, equities, or financial assets (p. 311)</td>
<td><strong>opción de compra</strong>: contrato de futuros que da a los inversoristas la opción de cancelar un contrato para comprar productos básicos, acciones, o activos financieros (p. 311)</td>
</tr>
<tr>
<td><strong>capital</strong>: tools, equipment, and factories used in the production of goods and services; one of four factors of production (p. 8)</td>
<td><strong>capital</strong>: implementos, equipo y fábricas que se usan en la producción de bienes y servicios; uno de cuatro factores de producción (p. 8)</td>
</tr>
<tr>
<td><strong>capital flight</strong>: legal or illegal export of a nation’s currency and foreign exchange (p. 477)</td>
<td><strong>fuga de capitales</strong>: exportación legal o ilegal de la moneda y las divisas de una nación (p. 477)</td>
</tr>
<tr>
<td><strong>capital gains</strong>: profits from the sale of an asset held for 12 months or longer (p. 250)</td>
<td><strong>ganancias de capital</strong>: ganancias de la venta de un activo después de haberlo tenido durante 12 meses o más tiempo (p. 250)</td>
</tr>
<tr>
<td><strong>capital good</strong>: tool, equipment, or other manufactured good used to produce other goods and services; a factor of production (p. 8)</td>
<td><strong>bienes de capital</strong>: implemento, equipo u otros bienes fabricados que se emplean para producir otros bienes y servicios; un factor de producción (p. 8)</td>
</tr>
<tr>
<td><strong>capital-intensive</strong>: production method requiring relatively large amounts of capital relative to labor (p. 492)</td>
<td><strong>capital intesivo</strong>: método de producción que requiere relativamente grandes cantidades de capital con relación a la mano de obra (p. 492)</td>
</tr>
<tr>
<td><strong>capital market</strong>: market in which financial capital is loaned and/or borrowed for more than one year (p. 302)</td>
<td><strong>mercado de capital</strong>: mercado en el que el capital financiero se presta por más de un año (p. 302)</td>
</tr>
<tr>
<td><strong>capitalism</strong>: economic system in which private citizens own and use the factors of production in order to generate profits (pp. 38, 486)</td>
<td><strong>capitalismo</strong>: sistema económico en el cual los ciudadanos tienen la propiedad y el uso de los factores de producción para generar ganancias (pp. 38, 486)</td>
</tr>
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<td><strong>cartel</strong> • <strong>civilian labor force</strong>&lt;br&gt;<strong>cartel:</strong> group of sellers or producers acting together to raise prices by restricting availability of a product; OPEC (p. 484)&lt;br&gt;<strong>cash flow:</strong> total amount of new funds the business generates from operations; broadest measure of profits for a firm, includes both net income and non-cash charges (p. 73)&lt;br&gt;<strong>catalyst:</strong> something that stimulates activity among people or forces (p. 51)&lt;br&gt;<strong>cease and desist order:</strong> ruling requiring a company to stop an unfair business practice that reduces or limits competition (p. 186)&lt;br&gt;<strong>census:</strong> complete count of population, including place of residence (p. 329)&lt;br&gt;<strong>center of population:</strong> point where the country would balance if it were flat and everyone weighed the same (p. 331)&lt;br&gt;<strong>central bank:</strong> bank that can lend to other banks in times of need, a “bankers’ bank” (p. 394)&lt;br&gt;<strong>certificate of deposit:</strong> receipt showing that an investor has made an interest-bearing loan to a financial institution (p. 290)&lt;br&gt;<strong>chamber of commerce:</strong> nonprofit organization of local businesses whose purpose is to promote their interests (p. 81)&lt;br&gt;<strong>change in demand:</strong> consumers demand different amounts at every price, causing the demand curve to shift to the left or the right (p. 99)&lt;br&gt;<strong>change in quantity demanded:</strong> movement along the demand curve showing that a different quantity is purchased in response to a change in price (p. 98)&lt;br&gt;<strong>change in quantity supplied:</strong> change in amount offered for sale in response to a price change; movement along the supply curve (p. 119)&lt;br&gt;<strong>change in supply:</strong> different amounts offered for sale at each and every possible price in the market; shift of the supply curve (p. 120)&lt;br&gt;<strong>charter:</strong> written government approval to establish a corporation; includes company name, address, purpose of business, number of shares of stock, and other features of the business (p. 67)&lt;br&gt;<strong>civilian labor force:</strong> noninstitutionalized part of the population, aged 16 and over, either working or looking for a job (pp. 204, 370)</td>
<td><strong>cartel:</strong> grupo de vendedores o productores que obran conjuntamente para subir los precios al restringir la disponibilidad de un producto; OPEC (p. 484)&lt;br&gt;<strong>flujo de efectivo:</strong> cantidad total de nuevos fondos que el negocio genera por sus operaciones; la medida más comprensiva de las utilidades de una compañía que incluye el ingreso neto y cargos no al contado (p. 73)&lt;br&gt;<strong>catalizador:</strong> algo que estimula la actividad entre personas o fuerzas (p. 51)&lt;br&gt;<strong>orden de cesar y desistir:</strong> fallo que ordena que una compañía pare una práctica comercial injusta que reduce o limita la competencia (p. 186)&lt;br&gt;<strong>censo:</strong> conteo total de la población, incluyendo el lugar de residencia (p. 329)&lt;br&gt;<strong>centro de población:</strong> punto donde el país se equilibraría si fuera plano y todo el mundo pesara lo mismo (p. 331)&lt;br&gt;<strong>bueno central:</strong> banco que le presta a otros bancos en momentos de necesidad, el “banco de los banqueros” (p. 394)&lt;br&gt;<strong>certificado de depósito:</strong> recibo que indica que un inversor ha hecho un préstamo con intereses a una institución financiera (p. 290)&lt;br&gt;<strong>cámara de comercio:</strong> organización sin fines de lucro cuyo propósito es promover los intereses comunes de los negocios locales (p. 81)&lt;br&gt;<strong>cambio en demanda:</strong> los consumidores demandan distintas cantidades en cada precio, haciendo que la curva de demanda cambie hacia la izquierda o la derecha (p. 99)&lt;br&gt;<strong>cambio en la cantidad demandada:</strong> un movimiento en la curva de relación entre demanda y precio que demuestra que se está comprando una cantidad distinta debido a un cambio de precio (p. 98)&lt;br&gt;<strong>cambio en la cantidad suplida:</strong> cambio en la cantidad que se ofrece a la venta en respuesta a un cambio de precio; movimiento a lo largo de la curva de abastecimiento (p. 119)&lt;br&gt;<strong>cambio en abastecimiento:</strong> distintas cantidades ofrecidas a la venta a todos los precios posibles del mercado; cambio en la curva de abastecimiento (p. 120)&lt;br&gt;<strong>carta constitucional:</strong> aprobación escrita del gobierno para establecer una corporación; incluye el nombre de la compañía, la dirección, propósito del negocio, número de acciones y otros aspectos del negocio (p. 67)&lt;br&gt;<strong>fuerza de trabajo civil:</strong> parte de la población no institucionalizada, entre los 16 y 65 años, que está trabajando o buscando trabajo (pp. 204, 370)</td>
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<tr>
<td><strong>closed shop</strong>: arrangement under which workers must join a union before they are hired; usually illegal (p. 203)</td>
<td><strong>pacto de pertenencia</strong>: acuerdo por el cual los trabajadores deben afiliarse al sindicato antes de ser contratados; generalmente es ilegal (p. 203)</td>
</tr>
<tr>
<td><strong>coins</strong>: metallic forms of money such as pennies, nickels, dimes, and quarters (p. 406)</td>
<td><strong>monedas</strong>: formas metálicas de dinero tal como el centavo, las monedas de cinco, diez y de 25 centavos (p. 406)</td>
</tr>
<tr>
<td><strong>coincide</strong>: to happen or exist at the same time or in the same position (p. 268)</td>
<td><strong>coincidir</strong>: ocurrir o existir al mismo tiempo o en la misma posición (p. 268)</td>
</tr>
<tr>
<td><strong>collective bargaining</strong>: process of negotiation between union and management representatives over pay, benefits, and job-related matters (pp. 81, 211)</td>
<td><strong>negociación colectiva</strong>: proceso de negociación entre el sindicato y los representantes administrativos acerca de pago, beneficios y asuntos relacionados al trabajo (pp. 81, 211)</td>
</tr>
<tr>
<td><strong>collectivization</strong>: forced common ownership of factors of production; used in the former Soviet Union in agriculture and manufacturing (p. 490)</td>
<td><strong>colectivización</strong>: propiedad común forzada de los factores de producción; se usó en la antigua Unión Soviética en la agricultura y en la industria manufacturera (p. 490)</td>
</tr>
<tr>
<td><strong>collude</strong>: to act together in secret, especially with harmful or illegal intent (p. 180)</td>
<td><strong>coludir</strong>: confabularse y operar en secreto con alguien, especialmente con intención de daño o ilegal (p. 180)</td>
</tr>
<tr>
<td><strong>collusion</strong>: agreements, usually illegal, among producers to fix prices, limit output, or divide markets (p. 174)</td>
<td><strong>colusión</strong>: acuerdos, por lo general ilegales, entre los productores para fijar los precios, limitar la producción o dividir los mercados (p. 174)</td>
</tr>
<tr>
<td><strong>command economy</strong>: economic system characterized by a central authority that makes most of the major economic decisions (p. 35)</td>
<td><strong>economía de mando</strong>: sistema económico que se caracteriza por una autoridad central que toma la mayoría de las decisiones económicas (p. 35)</td>
</tr>
<tr>
<td><strong>commodity money</strong>: money that has an alternative use as an economic good; gunpowder, flour, corn (p. 384)</td>
<td><strong>dinero como producto</strong>: dinero que tiene un uso alternativo como un bien económico; pólvora, harina, maíz (p. 384)</td>
</tr>
<tr>
<td><strong>common stock</strong>: most common form of corporate ownership, with one vote per share for stockholders (p. 67)</td>
<td><strong>acciones ordinarias</strong>: la forma más común de propiedad corporativa, con un voto por acción para los accionistas (p. 67)</td>
</tr>
<tr>
<td><strong>communism</strong>: economic and political system in which factors of production are collectively owned and directed by the state; theoretically classless society in which everyone works for the common good (p. 39)</td>
<td><strong>comunismo</strong>: sistema económico y político en el cual los factores de producción son de propiedad colectiva y dirigidos por el estado; teóricamente, una sociedad sin clases en que todos trabajan para el bien común (p. 39)</td>
</tr>
<tr>
<td><strong>company union</strong>: union organized, supported, or run by an employer (p. 199)</td>
<td><strong>sindicato de empresa</strong>: unión organizada, sostenida o dirigida por el patrón (p. 199)</td>
</tr>
<tr>
<td><strong>comparative advantage</strong>: country’s ability to produce a given product relatively more efficiently than another country; production at a lower opportunity cost (pp. 444, 504)</td>
<td><strong>ventaja comparativa</strong>: habilidad del país de producir un cierto producto con relativamente más eficiencia que otro país; la oportunidad de producción al costo más bajo (pp. 444, 504)</td>
</tr>
<tr>
<td><strong>compensation</strong>: something, such as money, given or received as an equivalent for goods or services, injury, debt, or high risk (p. 294)</td>
<td><strong>compensación</strong>: algo, por ejemplo dinero, que se da o recibe como equivalente de bienes o servicios, lesiones, deuda o alto riesgo (p. 294)</td>
</tr>
<tr>
<td><strong>competition</strong>: the struggle among sellers to attract consumers (p. 50)</td>
<td><strong>competencia</strong>: la lucha entre vendedores para atraer consumidores (p. 50)</td>
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<td><strong>complements</strong>: products that increase the use of other products; products related in such a way that an increase in the price of one reduces the demand for both (p. 101)</td>
<td><strong>complementos</strong>: productos que aumentan el uso de otros productos; productos relacionados de tal modo que el aumento del precio de uno reduce la demanda de ambos (p. 101)</td>
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<td><strong>components</strong>: parts of something (p. 325)</td>
<td><strong>componente</strong>: una parte de algo (p. 325)</td>
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<tr>
<td><strong>composite index of leading economic indicators (LEI)</strong>: composite index of 10 economic series that move up and down in advance of changes in the overall economy; used to predict turning points in the business cycle (p. 359)</td>
<td><strong>índice compuesto de los principales indicadores económicos</strong>: índice compuesto de 10 series económicas que suben y bajan anticipando los cambios en la economía global; usados para predecir puntos de transición en el ciclo comercial (p. 359)</td>
</tr>
<tr>
<td><strong>compounded</strong>: increased, made worse (p. 509)</td>
<td><strong>compuesto</strong>: incrementado, empeorado (p. 509)</td>
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<tr>
<td><strong>comprehensive</strong>: covering many or all areas (p. 10)</td>
<td><strong>abarcativo</strong>: que cubre muchas o todas las áreas (p. 10)</td>
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<tr>
<td><strong>comprise</strong>: to be composed of (p. 62)</td>
<td><strong>abarcar</strong>: englobar, estar compuesto de (p. 62)</td>
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<tr>
<td><strong>concept</strong>: general idea (p. 251)</td>
<td><strong>concepto</strong>: idea general (p. 251)</td>
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<tr>
<td><strong>conducted</strong>: handled by way of (p. 135)</td>
<td><strong>conducido</strong>: que se maneja de cierta forma (p. 135)</td>
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<tr>
<td><strong>confined</strong>: kept within (p. 370)</td>
<td><strong>confinado</strong>: mantenido dentro de límites (p. 370)</td>
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<td><strong>conglomerate</strong>: firm with four or more businesses making unrelated products, with no single business responsible for a majority of its sales (p. 76)</td>
<td><strong>conglomerado de empresas</strong>: firma con cuatro o más negocios que hacen productos no relacionados, sin ningún negocio en particular que sea responsable de la mayoría de sus ventas (p. 76)</td>
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<tr>
<td><strong>considerably</strong>: to a noticeable or significant extent (p. 243)</td>
<td><strong>considerablemente</strong>: en un grado significativo o visible (p. 243)</td>
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<tr>
<td><strong>constant dollars</strong>: dollar amounts or prices that have been adjusted for inflation; same as real dollars (p. 221)</td>
<td><strong>dólares constantes</strong>: las cantidades o precios al que se ajusta el dólar debido a la inflación; igual que dólares reales (p. 221)</td>
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<td><strong>constituents</strong>: persons who are represented by an elected official (p. 261)</td>
<td><strong>constituyentes</strong>: personas representadas por un funcionario oficial elegido (p. 261)</td>
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<tr>
<td><strong>construction</strong>: creation by assembling individual parts (p. 362)</td>
<td><strong>construcción</strong>: creación a través del montaje de partes individuales (p. 362)</td>
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<tr>
<td><strong>consumer good</strong>: good intended for final use by consumers rather than businesses (p. 13)</td>
<td><strong>bienes del consumidor</strong>: bienes cuyo fin está dirigido a los consumidores en vez del comercio (p. 13)</td>
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<td><strong>consumer price index (CPI)</strong>: index used to measure price changes for a market basket of frequently used consumer items (p. 362)</td>
<td><strong>índice de precios de consumidor (CPI, siglas en inglés)</strong>: índice que se usa para medir los cambios de precio de la cesta de compra de los productos que el consumidor usa con más frecuencia (p. 362)</td>
</tr>
<tr>
<td><strong>consumer sovereignty</strong>: role of consumer as ruler of the market when determining the types of goods and services produced (p. 51)</td>
<td><strong>soberanía del consumidor</strong>: papel del consumidor como soberano del mercado a la hora de determinar los tipos de bienes y servicios que se producen (p. 51)</td>
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<tr>
<td><strong>context</strong>: the circumstances surrounding a situation or event (p. 504)</td>
<td><strong>contexto</strong>: las circunstancias que rodean una situación o acontecimiento (p. 504)</td>
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<tr>
<td><strong>contributes</strong>: gives time, money, or effort (p. 130)</td>
<td><strong>contribuye</strong>: que aporta tiempo, dinero o esfuerzo (p. 130)</td>
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<tr>
<td><strong>controversial</strong>: disputed (p. 252)</td>
<td><strong>controversial</strong>: polémico (p. 252)</td>
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<td><em>converted</em>: changed into a different form (p. 387)</td>
<td><em>convirtido</em>: que ha cambiado a una forma diferente (p. 387)</td>
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<tr>
<td>cooperative or co-op: nonprofit association performing some kind of economic activity for the benefit of its members (p. 80)</td>
<td>cooperativa: asociación sin fines de lucro que lleva a cabo un tipo de actividad económica para el beneficio de sus miembros; incluye las cooperativas del consumidor, de servicios y de productores (p. 80)</td>
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<tr>
<td>corporate income tax: tax on corporate profits (p. 240)</td>
<td>impuesto sobre la renta de corporación: impuesto que pagan las corporaciones sobre sus ganancias (p. 240)</td>
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<tr>
<td>corporation: form of business organization recognized by law as a separate legal entity with all the rights and responsibilities of an individual, including the right to buy and sell property, enter into legal contracts, sue and be sued (p. 67)</td>
<td>corporación: una forma de organización comercial reconocida por la ley como una entidad legal independiente con todos los derechos y responsabilidades de individuo, incluyendo el derecho de comprar y vender propiedad, entrar en contratos legales, demandar y ser demandada (p. 67)</td>
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<tr>
<td>cost-benefit analysis: way of thinking that compares the cost of an action to its benefits (pp. 24, 522)</td>
<td>análisis de costo-beneficio: forma de pensar que compara el costo de una acción con sus ventajas (pp. 24, 522)</td>
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<tr>
<td>cost-push inflation: explanation that rising input costs, especially energy and organized labor, drive up the cost of products for manufacturers and cause inflation (p. 365)</td>
<td>inflación de costos: explicación que expone que el aumento de costos de producción, especialmente energía y mano de obra organizada, aumentan el costo de los productos para el fabricante y causan inflación (p. 365)</td>
</tr>
<tr>
<td>Council of Economic Advisers: three-member group that devises strategies and advises the President of the United States on economic matters (p. 433)</td>
<td>Consejo de Asesores Económicos: grupo de tres miembros que idean estrategias y aconseja al Presidente de los Estados Unidos acerca de asuntos económicos (p. 433)</td>
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<tr>
<td>coupon rate: stated interest on a corporate, municipal or government bond (p. 297)</td>
<td>tarifa de cupón: interés declarado de un bono corporativo, municipal o gubernamental (p. 297)</td>
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<tr>
<td>craft union: labor union whose members perform the same kind of work; same as trade union (p. 199)</td>
<td>sindicato de artesanos: gremio laboral cuyos miembros llevan a cabo el mismo tipo de trabajo; igual que un sindicato gremial (p. 199)</td>
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<tr>
<td>credit union: nonprofit service cooperative that accepts deposits, makes loans, and provides other financial services (p. 80)</td>
<td>unión de crédito: cooperativa de servicios sin fines de lucro que acepta depósitos, hace préstamos y brinda otros servicios financieros (p. 80)</td>
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<td>creditor: person or institution to whom money is owed (p. 367)</td>
<td>acreedor: persona o institución a quien se le debe dinero (p. 367)</td>
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<td>creeping inflation: relatively low rate of inflation, usually 1 to 3 percent annually (p. 364)</td>
<td>inflación reptante: índice de inflación bajo, generalmente de 1 a 3 por ciento anualmente (p. 364)</td>
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<tr>
<td><em>criteria</em>: a standard or rule on which judgment can be based (p. 145)</td>
<td><em>criterios</em>: normas o reglas en las que puede basarse un juicio (p. 145)</td>
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<tr>
<td>crowding-out effect: higher than normal interest rates and diminished access to financial capital faced by private investors when government increases its borrowing in financial markets (p. 281)</td>
<td>efecto de exclusión: tasas de interés más altas de lo normal y disminución del acceso al capital financiero al cual se enfrentan los inversionistas privados cuando el gobierno aumenta sus préstamos en los mercados financieros (p. 281)</td>
</tr>
<tr>
<td>crude birthrate: number of live births per 1,000 people (p. 474)</td>
<td>tasa de natalidad bruta: número de nacimientos por 1,000 personas (p. 474)</td>
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<td>currency: paper component of the money supply, today consisting of Federal Reserve notes (p. 406)</td>
<td>efectivo: componente de papel del abastecimiento de dinero, hoy consiste en billetes de la Reserva Federal (p. 406)</td>
</tr>
<tr>
<td>current dollars: dollar amounts or prices that are not adjusted for inflation (p. 219)</td>
<td>dólares corrientes: cantidades o precios del dólar que no han sido ajustados para reflejar la inflación (p. 219)</td>
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<td>current GDP: gross domestic product measured in current prices, unadjusted for inflation (p. 322)</td>
<td>PIB imperante: producto interno bruto que se mide por los precios imperantes, sin ajustarlos para reflejar la inflación (p. 322)</td>
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<td>current yield: bond's annual coupon interest divided by purchase price; measure of a bond's return (p. 297)</td>
<td>rendimiento imperante: el interés anual del cupón de un bono dividido por el precio de compra; medida de las ganancias de un bono (p. 297)</td>
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<tr>
<td>customs duty: tax on imported products (p. 241)</td>
<td>derechos aduaneros: impuestos sobre productos importados (p. 241)</td>
</tr>
<tr>
<td>customs union: group of countries that have agreed to reduce trade barriers and have uniform tariffs for nonmembers (p. 483)</td>
<td>unión aduanera: grupo de países que han acordado reducir las barreras de intercambio comercial entre sí y tienen aranceles uniformes para quienes no son miembros (p. 483)</td>
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<tr>
<td>cyclical unemployment: unemployment directly related to swings in the business cycle (p. 373)</td>
<td>desempleo cíclico: desempleo directamente relacionado a oscilaciones en el ciclo económico (p. 373)</td>
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<tr>
<td>debtor: person who borrows money (p. 367)</td>
<td>deudor: persona que pide dinero prestado (p. 367)</td>
</tr>
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<td>default: the act of not repaying borrowed money (p. 476)</td>
<td>incumplimiento: acto de no pagar dinero prestado. (p. 476)</td>
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<td>deficiency payment: cash payment making up the difference between the market price and the target price of an agricultural crop (p. 159)</td>
<td>aportación para enjugar un déficit: aportación en efectivo para alcanzar la diferencia entre el precio del mercado y el precio indicativo de una cosecha agrícola (p. 159)</td>
</tr>
<tr>
<td>deficit spending: annual government spending in excess of taxes and other revenues (p. 278)</td>
<td>gastos deficitarios: gastos anuales del gobierno en exceso de los impuestos y otros ingresos (p. 278)</td>
</tr>
<tr>
<td>deflation: decrease in the general level of the prices of goods and services (p. 361)</td>
<td>deflación: disminución en el nivel general de los precios (p. 361)</td>
</tr>
<tr>
<td>demand: combination of desire, ability, and willingness to buy a product (p. 91)</td>
<td>demanda: combinación de deseo, habilidad y voluntad de comprar un producto (p. 91)</td>
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<tr>
<td>demand curve: graph showing the quantity demanded at each and every possible price that might prevail in the market at a given time (p. 93)</td>
<td>curva de demanda: gráfica que ilustra la cantidad que se demanda a cada precio que puede prevalecer en el mercado en cualquier momento dado (p. 93)</td>
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<tr>
<td>demand deposit account (DDA): account whose funds can be removed by writing a check and without having to gain prior approval from the depository institution (p. 388)</td>
<td>cuentas de depósito a la vista (CDV): cuentas cuyos fondos pueden retirarse al librarse un cheque y sin previa aprobación de la institución depositaria (p. 388)</td>
</tr>
<tr>
<td>demand elasticity: a measure of responsiveness that shows how a change in quantity demanded (dependent variable) responds to a change in price (independent variable) (p. 104)</td>
<td>elasticidad de demanda: medida de responsividad que indica cómo el cambio en la cantidad demandada (variable dependiente) responde a un cambio en precio (variable independiente) (p. 104)</td>
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<td><strong>demand-pull inflation</strong>: explanation that prices rise because all sectors of the economy try to buy more goods and services than the economy can produce (p. 365)</td>
<td><strong>inflación de demanda</strong>: explicación que expone que los precios aumentan porque todos los sectores de la economía tratan de comprar más bienes y servicios que lo que puede producir la economía (p. 365)</td>
</tr>
<tr>
<td><strong>demand schedule</strong>: listing showing the quantity demanded at all possible prices that might prevail in the market at a given time (p. 92)</td>
<td><strong>programa de demanda</strong>: lista que indica la cantidad demandada a todos los precios posibles que pueden prevalecer en el mercado en cualquier momento dado (p. 92)</td>
</tr>
<tr>
<td><strong>demographer</strong>: person who studies growth, density, and other characteristics of the population (p. 334)</td>
<td><strong>demógrafo</strong>: persona que estudia el crecimiento, la densidad y otras características de la población (p. 334)</td>
</tr>
<tr>
<td><strong>dependency ratio</strong>: ratio of children and elderly per 100 persons who are in the 18–64 working age bracket (p. 333)</td>
<td><strong>relación de dependencia</strong>: relación de niños a población que envejece por 100 personas dentro de la categoría de trabajo de las edades entre los 18-64 años (p. 333)</td>
</tr>
<tr>
<td><strong>depreciation</strong>: gradual wear on capital goods (p. 73)</td>
<td><strong>depreciación</strong>: desgaste gradual de los bienes de capital (p. 73)</td>
</tr>
<tr>
<td><strong>depression</strong>: state of the economy with large numbers of unemployed, declining real incomes, overcapacity in manufacturing plants, general economic hardship (p. 354)</td>
<td><strong>depresión</strong>: estado de la economía con grandes números de desempleados, disminución de ingresos reales, exceso de capacidad en las plantas manufactureras, dificultades económicas generales (p. 354)</td>
</tr>
<tr>
<td><strong>depression scrip</strong>: currency issued by towns, chambers of commerce, and other civic bodies during the Great Depression of the 1930s (p. 356)</td>
<td><strong>vale de depresión</strong>: moneda emitida por los pueblos, las cámaras de comercio y otras entidades cívicas durante la Gran Depresión de los años 30 (p. 356)</td>
</tr>
<tr>
<td><strong>deregulation</strong>: relaxation or removal of government regulations on business activities (p. 424)</td>
<td><strong>eliminación de restricciones</strong>: relajamiento o eliminación de los reglamentos del gobierno sobre las actividades comerciales (p. 424)</td>
</tr>
<tr>
<td><strong>developing country</strong>: country with relatively low average per capita income and less developed infrastructure, education, and health care system (p. 469)</td>
<td><strong>país en desarrollo</strong>: país con promedio de ingresos per cápita relativamente bajo, e infraestructura, educación, y sistema de salud menos desarrollados (p. 469)</td>
</tr>
<tr>
<td><em>devoting</em>: giving time or attention (p. 80)</td>
<td><em>ferviente</em>: que brinda tiempo o atención (p. 80)</td>
</tr>
<tr>
<td><strong>diminishing marginal utility</strong>: decrease in satisfaction or usefulness as additional units of a product are acquired (p. 95)</td>
<td><strong>utilidad marginal decreciente</strong>: descenso en la satisfacción o utilidad a medida que se van adquiriendo unidades adicionales de un producto (p. 95)</td>
</tr>
<tr>
<td><strong>diminishing returns</strong>: stage of production where output increases at a decreasing rate as more units of variable input are added (p. 130)</td>
<td><strong>rendimientos decrecientes</strong>: etapa de producción en la que el rendimiento aumenta a un ritmo disminuyente a medida que se añaden más unidades de insumo variable (p. 130)</td>
</tr>
<tr>
<td><strong>discomfort index</strong>: unofficial statistic that is the sum of monthly inflation and the unemployment rate; same as misery index (p. 374)</td>
<td><strong>índice de incomodidad</strong>: estadística no oficial de la suma de la inflación mensual y el índice de desempleo; igual al índice de miseria (p. 374)</td>
</tr>
<tr>
<td><strong>discount rate</strong>: interest rate that the Federal Reserve System charges on loans to the nation’s financial institutions (p. 404)</td>
<td><strong>tasa de descuento</strong>: tasa de interés que el Sistema de Reserva Federal cobra a las instituciones financieras por los préstamos (p. 404)</td>
</tr>
<tr>
<td><strong>discretionary spending</strong>: spending for federal programs that must receive annual authorization (p. 270)</td>
<td><strong>gasto discrecional</strong>: gastos para programas federales que deben recibir autorización anual (p. 270)</td>
</tr>
<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
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<tr>
<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>disposable personal income (DPI): personal income less individual income</td>
<td>ingreso personal disponible: el ingreso personal menos los impuestos</td>
</tr>
<tr>
<td>taxes; total income available to the consumer sector after income taxes</td>
<td>personales; todo el ingreso disponible al sector consumidor después de los</td>
</tr>
<tr>
<td>(p. 324)</td>
<td>impuestos (p. 324)</td>
</tr>
<tr>
<td>*distorted: not truthfully represented (p. 212)</td>
<td>*distorsionado: que no está fielmente representado (p. 212)</td>
</tr>
<tr>
<td>distribution of income: way in which the nation’s income is divided</td>
<td>distribución de ingresos: modo por el cual los ingresos de la nación se</td>
</tr>
<tr>
<td>among families, individuals, or other designated groups (p. 264)</td>
<td>dividen entre familias, individuos u otros grupos designados (p. 264)</td>
</tr>
<tr>
<td>dividend: check paid to stockholders, usually quarterly, representing</td>
<td>dividendo/dividendo: cheque que se paga a los accionistas, por lo general</td>
</tr>
<tr>
<td>portion of corporate profits (p. 67)</td>
<td>trimestralmente, representa una porción de las ganancias de la corporación</td>
</tr>
<tr>
<td>(p. 67)</td>
<td>(p. 67)</td>
</tr>
<tr>
<td>division of labor: division of work into a number of separate tasks to</td>
<td>división de trabajo: división en un número de tareas específicas para</td>
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<td>be performed by different workers; same as specialization (pp. 17, 504)</td>
<td>llevarse a cabo por distintos trabajadores; igual que</td>
</tr>
<tr>
<td></td>
<td>especialización (pp. 17, 504)</td>
</tr>
<tr>
<td>*dominant: possessing the most influence and control (p. 75)</td>
<td>*dominante: que tiene la máxima influencia y control (p. 75)</td>
</tr>
<tr>
<td>double taxation: feature of taxation that allows stockholders’ dividends</td>
<td>doble impuesto: característica de impuestos que permite que los</td>
</tr>
<tr>
<td>to be taxed both as corporate profit and as personal income (p. 69)</td>
<td>dividendarios sean gravados como utilidades de la corporación tanto como</td>
</tr>
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<td></td>
<td>ganancias personales (p. 69)</td>
</tr>
<tr>
<td>Dow-Jones Industrial Average (DJIA): statistical series of 30</td>
<td>Dow-Jones Industrial Average (DJIA): serie de estadísticas</td>
</tr>
<tr>
<td>representative stocks used to monitor price changes (p. 310)</td>
<td>representativas de 30 acciones que se usan para seguir los cambios de</td>
</tr>
<tr>
<td></td>
<td>precio (p. 310)</td>
</tr>
<tr>
<td>durable good: a good that lasts for at least three years when used</td>
<td>bien duradero: artículo que dura por lo menos tres años al usar con</td>
</tr>
<tr>
<td>regularly (p. 13)</td>
<td>regualidad (p. 13)</td>
</tr>
<tr>
<td>*duration: length of time (p. 481)</td>
<td>*duración: cantidad de tiempo (p. 481)</td>
</tr>
<tr>
<td>Earned Income Tax Credit (EITC): federal tax credits and cash payments</td>
<td>Crédito Fiscal por Ingresos: créditos impositivos federales y pagos en</td>
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<tr>
<td>for low-income workers (p. 343)</td>
<td>efectivo para los trabajadores de bajos ingresos (p. 343)</td>
</tr>
<tr>
<td>easy money policy: monetary policy resulting in lower interest rates</td>
<td>política de dinero abundante: política monetaria que resulta en tasas de</td>
</tr>
<tr>
<td>and greater access to credit; associated with an expansion of the money</td>
<td>interés más bajas y mayor acceso a crédito; se asocia con la expansión del</td>
</tr>
<tr>
<td>supply (p. 402)</td>
<td>abastecimiento de dinero (p. 402)</td>
</tr>
<tr>
<td>e-commerce: electronic business or exchange conducted over the Internet</td>
<td>comercio electrónico: negocio o intercambio electrónico conducido por medio</td>
</tr>
<tr>
<td>(p. 135)</td>
<td>de Internet (p. 135)</td>
</tr>
<tr>
<td>econometric model: macroeconomic expression used to describe how the</td>
<td>modelo econométrico: expresión macroeconómica usada para describir cómo</td>
</tr>
<tr>
<td>economy is expected to perform in the future (p. 359)</td>
<td>se espera que se comporte la economía en el futuro (p. 359)</td>
</tr>
<tr>
<td>economic growth: increase in a nation’s total output of goods and services</td>
<td>crecimiento económico: aumento en la producción total de bienes y servicios</td>
</tr>
<tr>
<td>over time (p. 16)</td>
<td>de un país a través del tiempo (p. 16)</td>
</tr>
<tr>
<td>economic interdependence: mutual dependence of one person’s, firm’s, or</td>
<td>interdependencia económica: dependencia mutua de las actividades</td>
</tr>
<tr>
<td>region’s economic activities on another (p. 17)</td>
<td>económicas de personas, compañías o regiones entre sí (p. 17)</td>
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**R100 GLOSSARY/GLOSARIO**
<table>
<thead>
<tr>
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<tr>
<td><strong>economic model</strong>: simplified version of a complex concept or behavior expressed in the form of an equation, graph, or illustration (pp. 23, 149)</td>
<td><strong>modelo económico</strong>: versión simplificada de un concepto o comportamiento complejo expresado en forma de ecuación, gráfica o ilustración (pp. 23, 149)</td>
</tr>
<tr>
<td><strong>economic system</strong>: organized way a society provides for the wants and needs of its people (p. 33)</td>
<td><strong>sistema económico</strong>: manera organizada de una sociedad para proveer las necesidades de sus integrantes (p. 33)</td>
</tr>
<tr>
<td><strong>economics</strong>: social science dealing with the study of how people satisfy seemingly unlimited and competing wants with the careful use of scarce resources (p. 6)</td>
<td><strong>economía</strong>: ciencia social que estudia cómo la gente satisface los deseos, aparentemente ilimitados y competitivos, mediante el uso cuidadoso de escasos recursos (p. 6)</td>
</tr>
<tr>
<td><strong>economies of scale</strong>: increasingly efficient use of personnel, plant, and equipment as a firm becomes larger (p. 176)</td>
<td><strong>economías de escala</strong>: aumento de la eficacia del uso del personal, la planta y el equipo a medida que la empresa aumenta de tamaño (p. 176)</td>
</tr>
<tr>
<td><strong>Efficient Market Hypothesis (EMH)</strong>: argument that stocks are always priced about right, and that bargains are hard to find because they are closely watched by so many investors (p. 307)</td>
<td><strong>Hipótesis de Mercado Eficiente (HME)</strong>: argumento acerca de que las acciones siempre tienen el precio adecuado, y que las rebajas son difíciles de hallar porque muchísimos inversionistas siempre las están vigilando (p. 307)</td>
</tr>
<tr>
<td><strong>elastic</strong>: type of elasticity where the percentage change in the independent variable (usually price) causes a more than proportionate change in the dependent variable (usually quantity demanded or supplied) (p. 104)</td>
<td><strong>elástico</strong>: tipo de elasticidad en que el cambio de porcentaje en la variable independiente (generalmente el precio) causa un cambio más que proporcionado en la variable dependiente (generalmente la cantidad demandada u ofrecida) (p. 104)</td>
</tr>
<tr>
<td><strong>elasticity</strong>: a measure of responsiveness that tells us how a dependent variable such as quantity responds to a change in an independent variable such as price (p. 103)</td>
<td><strong>elasticidad</strong>: medida que nos dice cómo una variable dependiente, tal como cantidad, responde a un cambio en una variable independiente, tal como precio (p. 103)</td>
</tr>
<tr>
<td><strong>emphasizing</strong>: stressing (p. 36)</td>
<td><strong>enfatizando</strong>: que pone énfasis (p. 36)</td>
</tr>
<tr>
<td><strong>enabled</strong>: made possible (p. 444)</td>
<td><strong>habilitado</strong>: hecho posible (p. 444)</td>
</tr>
<tr>
<td><strong>enterprise zone</strong>: area free of local, state, and federal tax laws as well as other operating restrictions (p. 344)</td>
<td><strong>zona franca</strong>: área libre de impuestos locales, estatales y federales y de restricciones operativas (p. 344)</td>
</tr>
<tr>
<td><strong>entity</strong>: unit or being (p. 63)</td>
<td><strong>entidad</strong>: unidad o ser (p. 63)</td>
</tr>
<tr>
<td><strong>entitlement</strong>: program or benefit using established eligibility requirements to provide health, nutritional, or income supplements to individuals (pp. 283, 422)</td>
<td><strong>titularidad</strong>: programa o beneficio que usa los requerimientos de la elegibilidad establecida para proveer suplementos de salud, de alimentación o de ingresos a individuos (pp. 283, 422)</td>
</tr>
<tr>
<td><strong>entrepreneur</strong>: risk-taking individual in search of profits; one of four factors of production (p. 9)</td>
<td><strong>empresario</strong>: individuo arriesgado en busca de ganancias; uno de cuatro factores de producción (p. 9)</td>
</tr>
<tr>
<td><strong>equate</strong>: to represent as equal or equivalent (p. 177)</td>
<td><strong>equiparar</strong>: representar como igual o equivalente (p. 177)</td>
</tr>
<tr>
<td><strong>equivalent</strong>: equal in value (p. 219)</td>
<td><strong>equivalente</strong>: igual en valor (p. 219)</td>
</tr>
<tr>
<td><strong>equilibrium price</strong>: price where quantity supplied equals quantity demanded; price that clears the market (pp. 149, 414)</td>
<td><strong>precio de equilibrio</strong>: precio en que la cantidad ofrecida equivale a la cantidad demandada; precio que aprueba el mercado (pp. 149, 414)</td>
</tr>
<tr>
<td><strong>equilibrium wage rate</strong>: wage rate leaving neither a surplus nor a shortage in the market (p. 209)</td>
<td><strong>índice del equilibrio salarial</strong>: índice salarial que no deja ni exceso ni escasez en el mercado (p. 209)</td>
</tr>
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equities  •  fact-finding

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>equities</strong>: stocks that represent ownership shares in corporations (p. 306)</td>
<td><strong>capital accionario</strong>: acciones que representan acciones de propiedad en las corporaciones (p. 306)</td>
</tr>
<tr>
<td><em>equipped</em>: prepared (p. 521)</td>
<td><em>equipado</em>: preparado (p. 521)</td>
</tr>
<tr>
<td><strong>estate tax</strong>: tax on the transfer of property when a person dies (p. 241)</td>
<td><strong>impuesto sucesorio</strong>: impuesto por el traspaso de propiedad cuando una persona muere (p. 241)</td>
</tr>
<tr>
<td><em>ethics</em>: moral principles; generally recognized rules of conduct (p. 480)</td>
<td><em>ética</em>: principios morales; normas de conducta que generalmente se reconocen (p. 480)</td>
</tr>
<tr>
<td><strong>euro</strong>: single currency of European Union (p. 484)</td>
<td><strong>euro</strong>: moneda única de la Unión Europea (p. 484)</td>
</tr>
<tr>
<td><strong>European Coal and Steel Community (ECSC)</strong>: group of six European countries formed in 1951 to coordinate iron and steel production to ensure peace among member countries; eventually evolved into the EU (p. 505)</td>
<td><strong>Comunidad Europea del Carbón y del Acero (CECA)</strong>: grupo de seis países europeos formado en 1951 para coordinar la producción del hierro y el acero y así asegurar la paz entre los países miembros; evolucionó para llegar a ser la UE (p. 505)</td>
</tr>
<tr>
<td><em>evolved</em>: developed gradually (p. 234)</td>
<td><em>evolucionado</em>: que se desarrolló gradualmente (p. 234)</td>
</tr>
<tr>
<td><strong>excess reserves</strong>: financial institution’s cash, currency, and reserves not needed for reserve requirements; potential source of new loans (p. 396)</td>
<td><strong>reservas excesivas</strong>: dinero efectivo, divisas y reservas de una institución financiera que no se necesitan por exigencias de la reserva; fuente potencial de nuevos préstamos (p. 396)</td>
</tr>
<tr>
<td><strong>excise tax</strong>: general revenue tax levied on the manufacture or sale of selected items (p. 240)</td>
<td><strong>impuesto sobre consumo</strong>: tributo sobre ingresos generales recaudado sobre la manufactura o venta de objetos selectos (p. 240)</td>
</tr>
<tr>
<td><em>excluded</em>: not counted or included (p. 321)</td>
<td><em>excluido</em>: que no se cuenta ni se incluye (p. 321)</td>
</tr>
<tr>
<td><strong>expansion</strong>: period of uninterrupted growth of real GDP; recovery from recession (p. 354)</td>
<td><strong>expansión</strong>: período de crecimiento ininterrumpido del PIB real; recuperación de la recesión (p. 354)</td>
</tr>
<tr>
<td><em>explicit</em>: openly and clearly expressed (p. 427)</td>
<td><em>explicito</em>: expresado abierta y claramente (p. 427)</td>
</tr>
<tr>
<td><strong>exports</strong>: the goods and services that a nation produces and then sells to other nations (p. 442)</td>
<td><strong>exportaciones</strong>: bienes y servicios que una nación produce y después vende a otras naciones (p. 442)</td>
</tr>
<tr>
<td><strong>expropriation</strong>: government confiscation of private- or foreign-owned goods without compensation (p. 482)</td>
<td><strong>expropiación</strong>: cuando el gobierno confisca bienes de propiedad privada o extranjera sin compensación (p. 482)</td>
</tr>
<tr>
<td><strong>external debt</strong>: borrowed money that a country owes to foreign countries and banks (p. 475)</td>
<td><strong>deuda externa</strong>: dinero prestado que un país debe a países y bancos extranjeros (p. 475)</td>
</tr>
<tr>
<td><strong>externality</strong>: economic side effect that affects an uninvolved third party (p. 181)</td>
<td><strong>factores externos</strong>: efecto secundario de la economía que afecta a un tercero que no está envuelto (p. 181)</td>
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**fact-finding**: agreement between union and management to have a neutral third party collect facts about a dispute and present non-binding recommendations (p. 212)
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<tr>
<th><strong>English</strong></th>
<th><strong>Español</strong></th>
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<tbody>
<tr>
<td>factor market: market where productive resources are bought and sold (p. 15)</td>
<td>mercado de factor: mercado en que se venden y se compran recursos productivos (p. 15)</td>
</tr>
<tr>
<td>factors of production: productive resources that make up the four categories of land, capital, labor, and entrepreneurship (p. 8)</td>
<td>factores de producción: recursos productivos que componen las cuatro categorías de tierra, capital, trabajo y espíritu empresarial (p. 8)</td>
</tr>
<tr>
<td>family: two or more persons living together that are related by blood, marriage, or adoption (p. 326)</td>
<td>familia: dos o más personas que viven juntas y que están vinculadas por sangre, matrimonio o adopción (p. 326)</td>
</tr>
<tr>
<td>federal budget: annual plan outlining proposed expenditures and anticipated revenues (p. 267)</td>
<td>presupuesto federal: plan anual que traza los gastos propuestos y las ganancias que se anticipan (p. 267)</td>
</tr>
<tr>
<td>Federal Reserve note: paper currency issued by the Fed that eventually replaced all other types of federal currency (p. 383)</td>
<td>vale de la Reserva Federal: papel moneda emitida por la Reserva Federal que con el tiempo sustituyó a todos los otros tipos de moneda federal (p. 383)</td>
</tr>
<tr>
<td>Federal Reserve System (Fed): privately owned, publicly controlled, central bank of the United States (p. 383)</td>
<td>Sistema de Reserva Federal (Fed, siglas en inglés): banco central de los Estados Unidos, de propiedad privada y cuyo control es público (p. 383)</td>
</tr>
<tr>
<td>fertility rate: number of births that 1,000 women are expected to undergo in their lifetime (p. 334)</td>
<td>tasa de fecundidad: número de alumbramientos que se espera que 1,000 mujeres experimenten en sus vidas (p. 334)</td>
</tr>
<tr>
<td>fiat money: money by government decree; has no alternative value or use as a commodity (p. 384)</td>
<td>moneda fiduciaria: dinero por decreto del gobierno; no tiene valor alternativo ni uso como producto básico (p. 384)</td>
</tr>
<tr>
<td>FICA: Federal Insurance Contributions Act; tax levied on employers and employees to support Social Security and Medicare (p. 239)</td>
<td>FICA: Acta de Contribuciones del Seguro Federal; impuesto sobre los patrones y empleados para sostener al Seguro Social y a Medicare (p. 239)</td>
</tr>
<tr>
<td>finance company: firm that makes loans directly to consumers and specializes in buying installment contracts from merchants who sell on credit (p. 292)</td>
<td>compañía financiera: firma que hace préstamos directamente a los consumidores y que se especializa en la compra de contratos a plazos de los comerciantes que venden a crédito (p. 292)</td>
</tr>
<tr>
<td>financial asset: a stock or document that represents a claim on the income and property of the borrower; CDs, bonds, Treasury bills, mortgages (p. 290)</td>
<td>activo financiero: un acción o otro documento que representa un derecho a los ingresos y la propiedad del prestatario; CD, bonos, letras del Tesoro, hipotecas (p. 290)</td>
</tr>
<tr>
<td>financial intermediary: institution that channels savings to investors; banks, insurance companies, savings and loan associations, credit unions (p. 290)</td>
<td>intermediario financiero: institución que canaliza los ahorros a los inversionistas; bancos, compañías de seguro, sociedades de ahorro y préstamo, cooperativas de crédito (p. 290)</td>
</tr>
<tr>
<td>financial system: network of savers, investors, and financial institutions that work together to transfer savings to investment uses (p. 290)</td>
<td>sistema financiero: red de ahorradores, inversionistas e instituciones financieras que colaboran para transferir los ahorros a usos de inversión (p. 290)</td>
</tr>
<tr>
<td>fiscal policy: use of government spending and revenue collection measures to influence the economy (p. 420)</td>
<td>política fiscal: el uso de las medidas que usa el gobierno para gastos y recaudación de ingresos con el fin influenciar la economía (p. 420)</td>
</tr>
<tr>
<td>fiscal year: 12-month financial planning period that may not coincide with the calendar year; October 1 to September 30 for the federal government (p. 268)</td>
<td>año fiscal: periodo de 12 meses para la planificación financiera que no necesariamente coincide con el año civil; período comprendido entre el 1 de octubre y el 30 de septiembre para el gobierno federal (p. 268)</td>
</tr>
<tr>
<td>Five-Year Plan: comprehensive, centralized economic plan used by the Soviet Union and China to coordinate development of agriculture and industry (p. 489)</td>
<td>Plan Quinquenal: plan económico centralizado y abarcante que usó la Unión Soviética y la China para coordinar el desarrollo de la agricultura y la industria (p. 489)</td>
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<tr>
<td><strong>fixed costs</strong>: costs of production that do not change when output changes (p. 133)</td>
<td><strong>costo fijo</strong>: costo de producción que no cambia cuando cambia la producción (p. 133)</td>
</tr>
<tr>
<td><strong>fixed exchange rates</strong>: system under which the value of currencies are fixed in relation to one another; the exchange rate system in effect until 1971 (p. 457)</td>
<td><strong>tasas de cambio fija</strong>: sistema bajo el cual se fijan los valores de las divisas en relación al de las otras; sistema de cotización que estuvo en efecto hasta el 1971 (p. 457)</td>
</tr>
<tr>
<td><strong>fixed income</strong>: income that does not increase even though prices go up (p. 45)</td>
<td><strong>renta fija</strong>: ingreso que no aumenta aunque los precios suban (p. 45)</td>
</tr>
<tr>
<td><strong>flat tax</strong>: proportional tax on individual income after a specified threshold has been reached (p. 251)</td>
<td><strong>impuesto fijo</strong>: impuesto proporcional sobre el ingreso individual después de haber alcanzado el ingreso especificado (p. 251)</td>
</tr>
<tr>
<td><strong>flexible exchange rates</strong>: system that relies on supply and demand to determine the value of one currency in terms of another; exchange rate system in effect since 1971, same as floating exchange rate (p. 458)</td>
<td><strong>tasas de cambio flexible</strong>: sistema que depende de oferta y demanda para determinar el valor de una moneda en términos de otra; sistema de cotización en efecto desde el 1971, igual a tasa de cambio flotante (p. 458)</td>
</tr>
<tr>
<td><strong>floating exchange rates</strong>: see flexible exchange rate (p. 458)</td>
<td><strong>tasas de cambio flotante</strong>: ver flexible exchange rates (p. 458)</td>
</tr>
<tr>
<td><strong>fluctuates</strong>: changes continually and irregularly (p. 153)</td>
<td><strong>fluctúa</strong>: que cambia continua e irregularmente (p. 153)</td>
</tr>
<tr>
<td><strong>food stamps</strong>: government-issued coupons that can be exchanged for food (p. 342)</td>
<td><strong>saldos para la compra de alimentos</strong>: cupones que emite el gobierno y que se canjean por alimentos (p. 342)</td>
</tr>
<tr>
<td><strong>foreign exchange</strong>: foreign currencies used by countries to conduct international trade (p. 457)</td>
<td><strong>divisas</strong>: moneda extranjera que usan los países para conducir comercio internacional (p. 457)</td>
</tr>
<tr>
<td><strong>foreign exchange rate</strong>: price of one country's currency in terms of another currency (p. 457)</td>
<td><strong>cotización de divisas</strong>: precio de la moneda de un país en relación a la moneda de otro país (p. 457)</td>
</tr>
<tr>
<td><strong>401(k) plan</strong>: a tax-deferred investment and savings plan that acts as a personal pension fund for employees (p. 307)</td>
<td><strong>plan 401(k)</strong>: plan de ahorros e impuestos diferidos que actúa como una pensión personal para empleados (p. 307)</td>
</tr>
<tr>
<td><strong>fractional reserve system</strong>: system requiring financial institutions to set aside a fraction of their deposits in the form of reserves (p. 396)</td>
<td><strong>sistema de reserva fraccionada</strong>: sistema que dicta que las instituciones financieras aparten una fracción de sus depósitos en forma de reservas (p. 396)</td>
</tr>
<tr>
<td><strong>framework</strong>: point of reference (p. 416)</td>
<td><strong>marco</strong>: punto de referencia (p. 416)</td>
</tr>
<tr>
<td><strong>free enterprise economy</strong>: market economy in which privately owned businesses have the freedom to operate for a profit with limited government intervention (p. 24)</td>
<td><strong>economía de libre empresa</strong>: economía de mercado en la que los comercios privados tienen la libertad de operar para obtener ganancias con intervención limitada del gobierno (p. 24)</td>
</tr>
<tr>
<td><strong>free-trade area</strong>: group of countries that have agreed to reduce trade barriers among themselves, but lack a common tariff barrier for nonmembers (p. 483)</td>
<td><strong>zona de comercio libre</strong>: grupo de países que han acordado reducir las barreras comerciales entre sí, pero que carecen de una barrera arancelaria para los países no miembros (p. 483)</td>
</tr>
<tr>
<td><strong>Free Trade Area of the Americas (FTAA)</strong>: 34-nation group established in 1994 in order to set up a regional free trade area in the Americas with no internal barriers to trade (p. 506)</td>
<td><strong>Zona de Libre Comercio de las Américas (FTAA, siglas en inglés)</strong>: grupo de 34 países creado en 1994 para establecer una zona de libre comercio regional en las Américas sin barreras internas para el comercio (p. 506)</td>
</tr>
<tr>
<td><strong>free trader</strong>: person who favors fewer or no trade restrictions (p. 450)</td>
<td><strong>comerciante libre</strong>: persona a favor de menos restricciones al comercio, o de ninguna restricción (p. 450)</td>
</tr>
<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>frictional unemployment</strong>: unemployment caused by workers changing jobs</td>
<td><strong>desempleo friccional</strong>: desempleo causado por trabajadores cuando cambian</td>
</tr>
<tr>
<td>or waiting to go to new ones (p. 372)</td>
<td>de trabajo o al esperar ir a nuevos empleos (p. 372)</td>
</tr>
<tr>
<td><strong>functions</strong>: roles or purposes (p. 401)</td>
<td><strong>funciones</strong>: roles o fines (p. 401)</td>
</tr>
<tr>
<td><strong>fundamental</strong>: basic; an essential part of (p. 372)</td>
<td><strong>fundamental</strong>: básico; una parte esencial de algo (p. 372)</td>
</tr>
<tr>
<td><strong>futures contract</strong>: an agreement to buy or sell at a specific date in</td>
<td><strong>futures contract/contrato de futuros</strong>: acuerdo para comprar o vender en</td>
</tr>
<tr>
<td>the future at a predetermined price (p. 311)</td>
<td>una fecha específica en el futuro a un precio predeterminado (p. 311)</td>
</tr>
<tr>
<td><strong>gasohol</strong>: mixture of 90 percent unleaded gasoline and 10 percent grain</td>
<td><strong>gasohol</strong>: mezcla de 90 por ciento gasolina sin plomo y 10 por ciento</td>
</tr>
<tr>
<td>alcohol, or ethanol (p. 513)</td>
<td>alcohol de grano o etanol (p. 513)</td>
</tr>
<tr>
<td><strong>GDP gap</strong>: difference between what the economy can and does produce;</td>
<td><strong>laguna del PIB</strong>: diferencia entre lo que la economía puede producir y lo</td>
</tr>
<tr>
<td>annual opportunity cost of unemployed resources (p. 374)</td>
<td>que, de hecho, produce; costo de oportunidad anual de los recursos</td>
</tr>
<tr>
<td><strong>GDP per capita</strong>: gross domestic product on a per person basis; can be</td>
<td><strong>PIB per cápita</strong>: producto interno bruto con base en una persona; puede</td>
</tr>
<tr>
<td>expressed in current or constant dollars (p. 322)</td>
<td>expresarse en dólares corrientes o constantes (p. 322)</td>
</tr>
<tr>
<td><strong>General Agreement on Tariffs and Trade (GATT)</strong>: an international</td>
<td><strong>Acuerdo General de Aranceles y Comercio (GATT, siglas en inglés)</strong>:</td>
</tr>
<tr>
<td>agreement signed in 1947 between 23 countries to extend tariff</td>
<td>acuerdo internacional firmado en 1947 entre 23 países para extender la</td>
</tr>
<tr>
<td>concessions and reduce import quotas (p. 504)</td>
<td>concesiones arancelarias y reducir las cuotas de importación (p. 504)</td>
</tr>
<tr>
<td><strong>general partnership</strong>: form of partnership where all partners are</td>
<td><strong>sociedad general</strong>: forma de sociedad en la que todos los socios por</td>
</tr>
<tr>
<td>equally responsible for management and debts; also see partnership (p. 64)</td>
<td>igual son responsables del gerenciamiento y las deudas; ver también</td>
</tr>
<tr>
<td><strong>generates</strong>: produces or brings into being (p. 136)</td>
<td>partnership (p. 64)</td>
</tr>
<tr>
<td><strong>geographic monopoly</strong>: market situation where a firm has a monopoly</td>
<td><strong>monopolio geográfico</strong>: situación del mercado en la que una firma tiene</td>
</tr>
<tr>
<td>because of its location or the small size of the market (p. 176)</td>
<td>un monopolio debido al sitio en que está situada o a la pequeña del</td>
</tr>
<tr>
<td><strong>gift tax</strong>: tax on donations of money or wealth that is paid by the</td>
<td>mercado (p. 176)</td>
</tr>
<tr>
<td>donor (p. 241)</td>
<td><strong>impuesto sobre donaciones y legados</strong>: impuesto sobre donaciones de</td>
</tr>
<tr>
<td><strong>giveback</strong>: wage, fringe benefit, or work rule given up when</td>
<td>dinero o riquezas que tiene que pagar el donante (p. 241)</td>
</tr>
<tr>
<td>renegotiating a contract (p. 217)</td>
<td><strong>devolución de beneficios</strong>: en la renegociación de un contrato, sueldo,</td>
</tr>
<tr>
<td><strong>glass ceiling</strong>: seemingly invisible barrier hindering advancement of</td>
<td>beneficio complementario o regla de trabajo que se pierde (p. 217)</td>
</tr>
<tr>
<td>women and minorities in a male-dominated organization (p. 219)</td>
<td><strong>techo de cristal</strong>: barrera aparentemente invisible que impide que las</td>
</tr>
<tr>
<td><strong>globalization</strong>: the movement toward a more integrated and interdependent</td>
<td>mujeres y las minorías avancen en una organización dominada por los</td>
</tr>
<tr>
<td>world economy (p. 501)</td>
<td>hombres (p. 219)</td>
</tr>
<tr>
<td><strong>glut</strong>: substantial oversupply of a product (p. 515)</td>
<td><strong>abarrotamiento</strong>: superabundancia de un producto (p. 515)</td>
</tr>
</tbody>
</table>

**Glossary/Glosario**
<table>
<thead>
<tr>
<th><strong>English</strong></th>
<th><strong>Español</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>gold certificate</strong></td>
<td>certificado de oro</td>
</tr>
<tr>
<td>paper currency backed by gold; issued in 1863 and popular until recalled in 1934 (p. 393)</td>
<td>billete de banco respaldado por oro; emitido en 1863 y popular hasta que fue retirado en 1934 (p. 393)</td>
</tr>
<tr>
<td><strong>good</strong></td>
<td>bien</td>
</tr>
<tr>
<td>tangible economic product that is useful, relatively scarce, transferable to others; used to satisfy wants and needs (p. 13)</td>
<td>producto económico tangible y útil, relativamente escaso, transferible a otras personas; se usa para satisfacer necesidades y deseos (p. 13)</td>
</tr>
<tr>
<td><strong>Gosplan</strong></td>
<td>Gosplan</td>
</tr>
<tr>
<td>central planning authority in the former Soviet Union that devised and directed Five-Year plans (p. 489)</td>
<td>autoridad central de planificación en la antigua Unión Soviética que ideó y dirigió los planes quinquenales (p. 489)</td>
</tr>
<tr>
<td><strong>government monopoly</strong></td>
<td>monopolio fiscal</td>
</tr>
<tr>
<td>monopoly created and/or owned by the government (p. 177)</td>
<td>monopolio creado por/o de la propiedad del gobierno (p. 177)</td>
</tr>
<tr>
<td><strong>grant-in-aid</strong></td>
<td>donativo del gobierno</td>
</tr>
<tr>
<td>transfer payment from one level of government to another not involving compensation (p. 263)</td>
<td>transferencia de pago desde un nivel del gobierno a otro y que no incumbe compensación (p. 263)</td>
</tr>
<tr>
<td><strong>Great Depression</strong></td>
<td>Gran depresión</td>
</tr>
<tr>
<td>worst period of economic decline in U.S. history, lasting from approximately 1929 to 1939 (p. 201)</td>
<td>el peor periodo de disminución económica en la historia de los Estados Unidos, duró aproximadamente desde 1929 hasta 1939 (p. 201)</td>
</tr>
<tr>
<td><strong>Great Leap Forward</strong></td>
<td>Gran Salto Adelante</td>
</tr>
<tr>
<td>China’s second five-year plan begun in 1958 that forced collectivization of agriculture and rapid industrialization (p. 490)</td>
<td>el segundo plan quinquenal de China que comenzó en 1958 y obligó a la colectivización de la agricultura y la rápida industrialización (p. 490)</td>
</tr>
<tr>
<td><strong>grievance procedure</strong></td>
<td>procedimiento para la presentación de reclamaciones</td>
</tr>
<tr>
<td>provision in a contract outlining the way future disputes and grievance issues will be resolved (p. 211)</td>
<td>estipulación en un contrato que define la forma en que se resolverán futuras disputas y conflictos (p. 211)</td>
</tr>
<tr>
<td><strong>gross domestic product (GDP)</strong></td>
<td>producto interno bruto (PIB)</td>
</tr>
<tr>
<td>dollar value of all final goods, services, and structures produced within a country’s national borders during a one-year period (pp. 9, 320)</td>
<td>valor en dólares de todos los productos, servicios y estructuras finales producidos en un año con la mano de obra y la propiedad suplidas por los residentes de un país durante el periodo de un año (pp. 9, 320)</td>
</tr>
<tr>
<td><strong>gross national product (GNP)</strong></td>
<td>producto nacional bruto (PNB)</td>
</tr>
<tr>
<td>total dollar value of all final goods, services, and structures produced in one year with labor and property supplied by a country’s residents, regardless of where the production takes place; largest measure of a nation’s income (p. 324)</td>
<td>valor total en dólares de todos los productos, estructuras y servicios finales producidos en un año con la mano de obra y la propiedad suplidas por los residentes de un país, sin importar donde toma lugar la producción; la mayor medida de los ingresos de una nación (p. 324)</td>
</tr>
<tr>
<td><strong>horizontal merger</strong></td>
<td>fusión horizontal</td>
</tr>
<tr>
<td>combination of two or more firms producing the same kind of product (p. 75)</td>
<td>combinación de dos o más empresas que producen el mismo producto (p. 75)</td>
</tr>
<tr>
<td><strong>household</strong></td>
<td>unidad familiar</td>
</tr>
<tr>
<td>basic unit of consumer sector consisting of all persons who occupy a house, apartment, or separate living quarters (p. 325)</td>
<td>unidad básica del sector del consumidor que consiste de todas las personas que ocupan una casa, apartamento o viviendas independientes (p. 325)</td>
</tr>
<tr>
<td><strong>human capital</strong></td>
<td>capital humano</td>
</tr>
<tr>
<td>sum of peoples’ skills, abilities, health, and motivation (p. 16)</td>
<td>suma de las destrezas, habilidades, salud y motivación (p. 16)</td>
</tr>
<tr>
<td><strong>hydropower</strong></td>
<td>hidropotencia</td>
</tr>
<tr>
<td>power or energy generated by moving water (p. 512)</td>
<td>potencia o energía generada por el agua que corre (p. 512)</td>
</tr>
<tr>
<td><strong>hyperinflation</strong></td>
<td>hiperinflación</td>
</tr>
<tr>
<td>abnormal inflation in excess of 500 percent per year; last stage of a monetary collapse (p. 364)</td>
<td>inflación anormal en exceso de 500 por ciento al año; última etapa de un colapso monetario (p. 364)</td>
</tr>
<tr>
<td><strong>hypothetical</strong></td>
<td>*hipotético</td>
</tr>
<tr>
<td>assumed but not proven (p. 128)</td>
<td>que se presume pero no está probado (p. 128)</td>
</tr>
<tr>
<td>English</td>
<td>Español</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>*ideology: a set of beliefs (p. 431)</td>
<td>*ideología: conjunto de creencias (p. 431)</td>
</tr>
<tr>
<td>*illustrated: shown with an image (p. 98)</td>
<td>*ilustrado: que se muestra con una imagen (p. 98)</td>
</tr>
<tr>
<td>*impact: effect (p. 340)</td>
<td>*impacto: efecto (p. 340)</td>
</tr>
<tr>
<td>imperfect competition: market structure that does not meet all conditions of perfect competition (p. 172)</td>
<td>competencia imperfecta: estructura de mercado que no cumple con todas las condiciones de competencia perfecta (p. 172)</td>
</tr>
<tr>
<td>*implemented: put into effect (p. 242)</td>
<td>*implementado: puesto en funcionamiento (p. 242)</td>
</tr>
<tr>
<td>*implication: something suggested to be naturally understood (p. 307)</td>
<td>*implicancia: algo que se sugiere para que se comprenda naturalmente (p. 307)</td>
</tr>
<tr>
<td>implicit GDP price deflator: index used to measure price changes in gross domestic product (p. 364)</td>
<td>deflactor implícito del precio PIB: índice que se usa para medir los cambios de precio del Producto Interno Bruto (p. 364)</td>
</tr>
<tr>
<td>imports: the goods and services that a nation buys from other nations (p. 442)</td>
<td>importaciones: bienes y servicios que una nación compra de otras naciones (p. 442)</td>
</tr>
<tr>
<td>*imposed: established; applied (p. 448)</td>
<td>*impuesto: establecido; aplicado (p. 448)</td>
</tr>
<tr>
<td>*incapacitated: lacking the ability to function normally (p. 523)</td>
<td>*incapacitado: carente de habilidad para funcionar normalmente (p. 523)</td>
</tr>
<tr>
<td>*incentive: something that motivates (p. 50)</td>
<td>*incentivo: algo que motiva (p. 50)</td>
</tr>
<tr>
<td>incidence of a tax: final burden of a tax (p. 231)</td>
<td>incidencia de un impuesto: carga final de un impuesto (p. 231)</td>
</tr>
<tr>
<td>income effect: that portion of a change in quantity demanded caused by a change in a consumer’s real income when the price of a product changes (p. 98)</td>
<td>efecto de ingreso: aquella porción de un cambio en cantidad demandada causada por un cambio en el ingreso real de un consumidor cuando el precio de un producto cambia (p. 98)</td>
</tr>
<tr>
<td>income statement: report showing a business’s sales, expenses, and profits for a certain period, usually three months or a year (p. 73)</td>
<td>declaración de ingreso: informe que muestra las ventas, gastos y utilidades de un negocio por un período determinado, por lo general de tres meses o un año (p. 73)</td>
</tr>
<tr>
<td>independent union: labor union not affiliated with the AFL-CIO or the Change to Win Coalition (p. 203)</td>
<td>sindicato independiente: gremio no afiliado con la AFL-CIO o el Change to Win Coalition (p. 203)</td>
</tr>
<tr>
<td>indexing: adjustment of tax brackets to offset the effects of inflation (p. 239)</td>
<td>indización: ajuste de las escalas de impuestos para contrarrestar los efectos de la inflación (p. 239)</td>
</tr>
<tr>
<td>individual income tax: tax levied on the wages, salaries, and other income of individuals (p. 232)</td>
<td>impuesto sobre la renta personal: impuesto sobre jornales, salarios y otros ingresos de las personas (p. 232)</td>
</tr>
<tr>
<td>Individual Retirement Account (IRA): retirement account in the form of a long-term time deposit, with annual contributions not taxed until withdrawn during retirement (p. 302)</td>
<td>Cuenta Personal para la Jubilación (IRA, siglas en inglés): cuenta para la jubilación en forma de un depósito a largo plazo, con contribuciones anuales que no se gravan con impuestos hasta que se retiren durante la jubilación (p. 302)</td>
</tr>
<tr>
<td>industrial union: labor union whose members perform different kinds of work in the same industry (p. 199)</td>
<td>sindicato industrial: unión obrera cuyos miembros realizan diferentes tipos de trabajo en la misma industria (p. 199)</td>
</tr>
<tr>
<td>English</td>
<td>Español</td>
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</tr>
<tr>
<td><strong>inelastic</strong> type of elasticity where the percentage change in the independent variable (usually price) causes a less than proportionate change in the dependent variable (usually quantity demanded or supplied) (p. 104)</td>
<td><strong>no elástica</strong> tipo de elasticidad en el cual el porcentaje de cambio en la variable independiente (usualmente el precio) causa un cambio menos que proporcionado en la variable dependiente (usualmente la cantidad demandada u ofrecida) (p. 104)</td>
</tr>
<tr>
<td><strong>infant industries argument</strong> argument that new and emerging industries should be protected from foreign competition until they are strong enough to compete (p. 450)</td>
<td><strong>argumento de las industrias nacientes</strong> argumenta de que a las industrias nuevas que están surgiendo se les debe proteger de la competencia extranjera hasta que estén lo suficiente fuertes para competir (p. 450)</td>
</tr>
<tr>
<td><strong>inflation</strong> rise in the general level of prices (pp. 45, 361)</td>
<td><strong>inflación</strong> aumento en el nivel general de los precios (pp. 45, 361)</td>
</tr>
<tr>
<td><strong>infrastructure</strong> the highways, mass transit, communications, power, water, sewerage and other public goods needed to support a population (p. 332)</td>
<td><strong>infraestructura</strong> las carreteras, tránsito público, comunicaciones, electricidad, agua, alcantarillado y otros servicios públicos necesarios para apoyar a una población (p. 332)</td>
</tr>
<tr>
<td><strong>initially</strong> originally; at the beginning (p. 395)</td>
<td><strong>inicialmente</strong> originalmente; al comienzo de (p. 395)</td>
</tr>
<tr>
<td><strong>injunction</strong> court order issued to prevent a company or union from taking action during a labor dispute (p. 212)</td>
<td><strong>mandato judicial</strong> orden de la corte dictada para evitar que una compañía o sindicato tome acción durante una disputa laboral (p. 212)</td>
</tr>
<tr>
<td><strong>innovation</strong> the creation of something new or different (p. 355)</td>
<td><strong>innovación</strong> la creación de algo nuevo o diferente (p. 355)</td>
</tr>
<tr>
<td><strong>instituted</strong> put into action (p. 282)</td>
<td><strong>instituido</strong> establecido, fundado (p. 282)</td>
</tr>
<tr>
<td><strong>interaction</strong> action of one on the actions of another (p. 120)</td>
<td><strong>interacción</strong> acción de uno en las acciones de otro (p. 120)</td>
</tr>
<tr>
<td><strong>interest</strong> payment made for the use of borrowed money; usually paid at periodic intervals for long-term bonds or loans (p. 69)</td>
<td><strong>interés</strong> pago que se hace por el uso de dinero prestado; por lo general se paga a intervalos periódicos para bonos o préstamos de largo plazo (p. 69)</td>
</tr>
<tr>
<td><strong>interest rate</strong> the price of credit to a borrower (p. 402)</td>
<td><strong>tasa de interés</strong> el precio del crédito para quien pide préstamos (p. 402)</td>
</tr>
<tr>
<td><strong>intergovernmental expenditures</strong> funds that one level of government transfers to another level for spending (p. 272)</td>
<td><strong>gastos intergubernamentales</strong> fondos para gastos que un nivel de gobierno transfiere a otro (p. 272)</td>
</tr>
<tr>
<td><strong>intergovernmental revenue</strong> funds one level of government receives from another level of government (p. 242)</td>
<td><strong>ingresos intergubernamentales</strong> fondos, que en el gobierno, se reciben de un nivel a otro (p. 242)</td>
</tr>
<tr>
<td><strong>intermediate products</strong> products that are components of other final products included in GDP; new tires and radios for use on new cars (p. 321)</td>
<td><strong>productos intermediarios</strong> productos que son componentes de otros productos finales incluidos en el PIB; llantas y radios nuevos para usarse en autos nuevos (p. 321)</td>
</tr>
<tr>
<td><strong>Internal Revenue Service (IRS)</strong> branch of Treasury Department that collects taxes (p. 238)</td>
<td><strong>Servicio de Rentas Internas (IRS, siglas en inglés)</strong> rama del Departamento de Tesorería que recauda impuestos (p. 238)</td>
</tr>
<tr>
<td><strong>internally</strong> within (p. 75)</td>
<td><strong>internamente</strong> dentro de (p. 75)</td>
</tr>
<tr>
<td><strong>International Monetary Fund (IMF)</strong> international organization that offers advice, financial assistance, and currency support to all nations (p. 481)</td>
<td><strong>Fondo Monetario Internacional (FMI)</strong> organización internacional que ofrece asesoría, asistencia financiera y ayuda de efectivos a todas las naciones (p. 481)</td>
</tr>
<tr>
<td><strong>intervention</strong> involvement in a situation to alter the outcome (p. 189)</td>
<td><strong>intervención</strong> participación en una situación para alterar el resultado (p. 189)</td>
</tr>
<tr>
<td><strong>inventory</strong> stock of goods held in reserve; includes finished goods waiting to be sold and raw materials to be used in production (p. 64)</td>
<td><strong>inventario</strong> abastecimiento de bienes en reserva; incluye bienes terminados esperando venderse y materias primas que se usan en producción (p. 64)</td>
</tr>
<tr>
<td><strong>inversely</strong> in the opposite way (p. 93)</td>
<td><strong>inversamente</strong> en la forma opuesta (p. 93)</td>
</tr>
<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
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<tr>
<td>------------------------------------------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td><strong>investment tax credit</strong>: tax credit given for purchase of equipment (p. 249)</td>
<td><strong>crédito impositivo de inversión</strong>: crédito impositivo que se da para la compra de equipo (p. 249)</td>
</tr>
<tr>
<td><em>isolationism</em>: national policy of not interacting with other countries (p. 491)</td>
<td><em>aislamiento</em>: política nacional de no interactuar con otros países (p. 491)</td>
</tr>
<tr>
<td><strong>junk bond</strong>: exceptionally risky bond with a Standard &amp; Poor’s rating of BB or lower that carries a high rate of return as compensation for the higher possibility of non-payment (p. 299)</td>
<td><strong>bono basura</strong>: bono excepcionalmente riesgoso con una calificación BB o más baja de Standard &amp; Poor, que tiene un interés alto como compensación por la mayor posibilidad de no pago (p. 299)</td>
</tr>
<tr>
<td><em>justify</em>: to defend as warranted or necessary (p. 450)</td>
<td><em>justificar</em>: defender como correcto o necesario (p. 450)</td>
</tr>
<tr>
<td><strong>keiretsu</strong>: independently owned group of Japanese firms joined and governed by an external board of directors in order to regulate competition (p. 493)</td>
<td><strong>keiretsu</strong>: grupo de firmas japonesas de propiedad privada unidas y gobernadas por una junta directiva exterior para poder regular la competencia (p. 493)</td>
</tr>
<tr>
<td><strong>Keynesian economics</strong>: government spending and taxation policies suggested by John Maynard Keynes to stimulate the economy; synonymous with fiscal policies or demand-side economics (p. 420)</td>
<td><strong>economía keynesiana</strong>: políticas del gobierno para gastos e impuestos sugeridas por John Maynard Keynes para estimular la economía; sinónimo de las políticas fiscales o de la economía del lado de la demanda (p. 420)</td>
</tr>
<tr>
<td><strong>laissez-faire</strong>: philosophy that government should not interfere with business activity (p. 169)</td>
<td><strong>liberalismo</strong>: filosofía de que el gobierno no debe interferir con las actividades comerciales (p. 169)</td>
</tr>
<tr>
<td><strong>land</strong>: natural resources or “gifts of nature” not created by human effort; one of four factors of production (p. 8)</td>
<td><strong>tierra</strong>: recursos naturales o “dones de la naturaleza” no creados por el esfuerzo humano; uno de cuatro factores de producción (p. 8)</td>
</tr>
<tr>
<td><strong>Law of Demand</strong>: rule stating that more will be demanded at lower prices and less at higher prices; inverse relationship between price and quantity demanded (p. 93)</td>
<td><strong>Ley de Demanda</strong>: principio que dicta que se demanda más a precios bajos y menos a precios altos; relación inversa entre precio y cantidad demandada (p. 93)</td>
</tr>
<tr>
<td><strong>Law of Supply</strong>: principle that more will be offered for sale at high prices than at lower prices (p. 117)</td>
<td><strong>Ley de Oferta</strong>: principio que dicta que se ofrece más a la venta a precios altos que a precios bajos (p. 117)</td>
</tr>
<tr>
<td><strong>leading economic indicator</strong>: a statistical series that normally turns down before the economy turns down or turns up before the economy turns up (p. 358)</td>
<td><strong>principal indicador económico</strong>: serie estadística que normalmente baja antes que baje la economía o suba antes que suba la economía (p. 358)</td>
</tr>
</tbody>
</table>
### English

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>legal reserves</strong></td>
<td>Currency and deposits used to meet the reserve requirement (p. 396)</td>
</tr>
<tr>
<td><strong>legal tender</strong></td>
<td>Fiat currency that must be accepted for payment by decree of government (p. 392)</td>
</tr>
<tr>
<td><strong>legislation</strong></td>
<td>Enactment of a law (p. 198)</td>
</tr>
<tr>
<td><strong>life expectancy</strong></td>
<td>Average remaining life span in years for persons who attain a given age (pp. 334, 474)</td>
</tr>
<tr>
<td><strong>limited life</strong></td>
<td>Situation in which a firm legally ceases to exist when an owner dies, quits, or a new owner is added; applies to sole proprietorships and partnerships (p. 64)</td>
</tr>
<tr>
<td><strong>limited partnership</strong></td>
<td>Form of partnership where one or more partners are not active in the daily running of the business, and whose liability for the partnership’s debt is restricted to the amount invested in the business (p. 64)</td>
</tr>
<tr>
<td><strong>line-item veto</strong></td>
<td>Power to cancel specific budget items without rejecting the entire budget (p. 282)</td>
</tr>
<tr>
<td><strong>lockout</strong></td>
<td>Management refusal to let employees work until company demands are met (p. 199)</td>
</tr>
<tr>
<td><strong>long run</strong></td>
<td>Production period long enough to change amount of variable and fixed inputs used in production (p. 129)</td>
</tr>
<tr>
<td><strong>Lorenz curve</strong></td>
<td>Graph showing how much the actual distribution of income differs from an equal distribution (p. 339)</td>
</tr>
</tbody>
</table>

### Spanish

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>reservas legales</strong></td>
<td>Moneda y depósitos que se usan para cumplir con los requisitos de reserva (p. 396)</td>
</tr>
<tr>
<td><strong>moneda legal</strong></td>
<td>Dinero fiduciario que por decreto del gobierno hay que aceptar por pago (p. 392)</td>
</tr>
<tr>
<td><strong>legislación</strong></td>
<td>Promulgación de una ley (p. 198)</td>
</tr>
<tr>
<td><strong>expectativa de vida</strong></td>
<td>Promedio de la duración de vida restante en años para personas que logran una cierta edad (pp. 334, 474)</td>
</tr>
<tr>
<td><strong>vida limitada</strong></td>
<td>situación en la cual una firma deja de existir legalmente al morir o renunciar un dueño o al agregarse uno nuevo; se aplica a propietarios únicos y a sociedades (p. 64)</td>
</tr>
<tr>
<td><strong>sociedad limitada</strong></td>
<td>Forma de sociedad en la que uno o más socios no participan activamente en el funcionamiento diario del negocio y cuyas responsabilidad por la deuda de la sociedad se limita a la cantidad invertida en el negocio (p. 64)</td>
</tr>
<tr>
<td><strong>veto de artículo particular</strong></td>
<td>El poder para cancelar artículos específicos en el presupuesto sin rechazar el presupuesto entero (p. 282)</td>
</tr>
<tr>
<td><strong>lockout/cierre patronal</strong></td>
<td>Negativa patronal de permitir que los empleados trabajen hasta que se cumplan las demandas de la compañía (p. 199)</td>
</tr>
<tr>
<td><strong>largo plazo</strong></td>
<td>Periodo de producción lo bastante largo para cambiar la cantidad de insumos variables y fijos que se usan en la producción (p. 129)</td>
</tr>
<tr>
<td><strong>curva de Lorenz</strong></td>
<td>Gráfica que muestra cuánto difiere la distribución real de los ingresos de una distribución igual (p. 339)</td>
</tr>
</tbody>
</table>

### GLOSSARY/GLOSARIO

**M1**: Money supply components conforming to money’s role as medium of exchange; coins, currency, checks, other demand deposits, traveler’s checks (p. 388)

**M2**: Money supply components conforming to money’s role as a store of value; M1, savings deposits, time deposits (p. 388)

**Macroeconomic equilibrium**: Amount of real GDP consistent with a given price level; intersection of aggregate supply and aggregate demand (p. 416)

**Macroeconomics**: The branch of economic theory dealing with the economy as a whole and decision making by large units such as governments and unions (pp. 319, 413)

**Mandate**: To order or require (p. 282)

**Mandatory spending**: Federal spending authorized by law that continues without the need for annual approvals of Congress (p. 269)
<table>
<thead>
<tr>
<th><strong>English</strong></th>
<th><strong>Español</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>marginal analysis</strong>: decision making that compares the extra cost of doing something to the extra benefits gained (p. 137)</td>
<td><strong>análisis marginal</strong>: adopción de decisión que compara el costo extra de hacer algo con los beneficios extras que se obtienen (p. 137)</td>
</tr>
<tr>
<td><strong>marginal cost</strong>: extra cost of producing one additional unit of production (p. 134)</td>
<td><strong>costo marginal</strong>: costo extra de producir una unidad de producción adicional (p. 134)</td>
</tr>
<tr>
<td><strong>marginal product</strong>: extra output due to the addition of one more unit of input (p. 129)</td>
<td><strong>producto marginal</strong>: producción extra debida a la adición de una unidad más de insumo (p. 129)</td>
</tr>
<tr>
<td><strong>marginal revenue</strong>: extra revenue from the sale of one additional unit of output (p. 136)</td>
<td><strong>ingreso marginal</strong>: ingreso extra de la venta de una unidad de producto adicional (p. 136)</td>
</tr>
<tr>
<td><strong>marginal tax rate</strong>: tax rate that applies to the next dollar of taxable income (p. 235)</td>
<td><strong>tasa impositiva marginal</strong>: tasa impositiva que se aplica al próximo dólar de ingreso sujeto a impuesto (p. 235)</td>
</tr>
<tr>
<td><strong>marginal utility</strong>: satisfaction or usefulness obtained from acquiring one more unit of a product (p. 95)</td>
<td><strong>utilidad marginal</strong>: satisfacción o utilidad que se obtiene de adquirir una unidad más de un producto (p. 95)</td>
</tr>
<tr>
<td><strong>market</strong>: meeting place or mechanism allowing buyers and sellers of an economic product to come together; may be local, regional, national, or global (pp. 15, 37)</td>
<td><strong>mercado</strong>: lugar de encuentro o mecanismo que permite que los compradores y vendedores de un producto económico se reúnan; puede ser local, regional, nacional o global (pp. 15, 37)</td>
</tr>
<tr>
<td><strong>market basket</strong>: representative collection of goods and services used to compile a price index (p. 362)</td>
<td><strong>cesta de la compra</strong>: colección representativa de los bienes y servicios que se usan para compilar un índice de precios (p. 362)</td>
</tr>
<tr>
<td><strong>market demand curve</strong>: demand curve that shows the quantities demanded by everyone who is interested in purchasing a product at all possible prices (p. 94)</td>
<td><strong>curva de demanda mercadera</strong>: curva de demanda que muestra las cantidades demandadas por todos que están interesados en comprar un producto a todos los precios posibles (p. 94)</td>
</tr>
<tr>
<td><strong>market economy</strong>: economic system in which supply, demand, and the price system help people make decisions and allocate resources; same as free enterprise economy (pp. 37, 92)</td>
<td><strong>economía de mercado</strong>: sistema económico en el cual la oferta y la demanda y el sistema de precios ayudan a la gente a tomar decisiones y a asignar los recursos; lo mismo que economía de libre comercio (pp. 37, 92)</td>
</tr>
<tr>
<td><strong>market failure</strong>: market where any of the requirements for a competitive market—adequate competition, knowledge of prices and opportunities, mobility of resources, and competitive profits—are lacking (p. 180)</td>
<td><strong>fallo del mercado</strong>: mercado que carece de cualquiera de los requisitos de un mercado competitivo, como competencia adecuada, conocimiento de precios y oportunidades, movilidad de recursos y ganancias competitivas (p. 180)</td>
</tr>
<tr>
<td><strong>market structure</strong>: market classification according to number and size of firms, type of product, and type of competition; nature and degree of competition among firms in the same industry (p. 169)</td>
<td><strong>estructura del mercado</strong>: clasificación del mercado de acuerdo al número y tamaño de las firmas, tipo de producto y tipo de competición; naturaleza y grado de competencia entre las compañías en una misma industria (p. 169)</td>
</tr>
<tr>
<td><strong>market supply curve</strong>: supply curve that shows the quantities offered at various prices by all firms that sell the product in a given market (p. 119)</td>
<td><strong>curva de oferta mercadera</strong>: curva de oferta que muestra las cantidades de un producto ofrecidas a varios precios por todas las empresas que lo venden en un mercado indicado (p. 119)</td>
</tr>
<tr>
<td><strong>market theory of wage determination</strong>: explanation stating that the supply and demand for a worker’s skills and services determine the wage or salary (p. 209)</td>
<td><strong>teoría de mercado en la determinación de salarios</strong>: explicación que expone que la oferta y demanda de las destrezas y servicios de un trabajador determinan el sueldo o salario (p. 209)</td>
</tr>
<tr>
<td><strong>maturity</strong>: life of a bond or length of time funds are borrowed (p. 297)</td>
<td><strong>vencimiento</strong>: plazo de un bono (p. 297)</td>
</tr>
<tr>
<td><strong>measure of value</strong>: one of the three functions of money that allows it to serve as a common denominator to measure value (p. 387)</td>
<td><strong>medida de valor</strong>: una de las tres funciones del dinero que le permite servir como denominador común para medir el valor (p. 387)</td>
</tr>
</tbody>
</table>

*mechanism*: process (p. 15)  

*mecanismo*: proceso (p. 15)
### Glossary/Glosario

<table>
<thead>
<tr>
<th>English</th>
<th>Español</th>
</tr>
</thead>
<tbody>
<tr>
<td>mediation: process of resolving a dispute by bringing in a neutral third party (p. 212)</td>
<td>mediación: proceso de resolver un conflicto al incluir a un tercero neutral (p. 212)</td>
</tr>
<tr>
<td>Medicaid: joint federal-state medical insurance program for low-income people (pp. 271, 343)</td>
<td>Medicaid: programa de seguro médico del gobierno federal y el estado para personas de ingresos bajos (pp. 271, 343)</td>
</tr>
<tr>
<td>Medicare: federal health-care program for senior citizens, regardless of income (pp. 235, 270, 419)</td>
<td>Medicare: programa federal de cuidados de salud para la población que envejece, que no toma en cuenta sus ingresos (pp. 235, 270, 419)</td>
</tr>
<tr>
<td>medium of exchange: money or other substance generally accepted as payment for goods and services; one of the three functions of money (p. 387)</td>
<td>medio de cambio: dinero u otra sustancia generalmente aceptada como pago por bienes o servicios; una de las tres funciones del dinero (p. 387)</td>
</tr>
<tr>
<td>member bank: bank belonging to the Federal Reserve System (p. 400)</td>
<td>banco miembro: banco que pertenece al Sistema de Reserva Federal (p. 400)</td>
</tr>
<tr>
<td>member bank reserve (MBR): reserves kept by member banks at the Fed to satisfy reserve requirements (p. 396)</td>
<td>reserva de banco miembro (MBR, siglas en inglés): reservas que mantienen los bancos miembros en la Reserva Federal para satisfacer los requisitos de reserva (p. 396)</td>
</tr>
<tr>
<td>merger: combination of two or more business enterprises to form a single firm (p. 72)</td>
<td>fusión: combinación de dos o más empresas comerciales para formar una sola firma (p. 72)</td>
</tr>
<tr>
<td>microeconomics: branch of economic theory that deals with behavior and decision making by small units such as individuals and firms (p. 91)</td>
<td>microeconomía: rama de la teoría de la economía que trata de la conducta y las decisiones que adoptan las pequeñas unidades tales como los individuos y las firmas (p. 91)</td>
</tr>
<tr>
<td>micro loan: small, unsecured loan made primarily to women to help them undertake an income-generating project in a developing country (p. 480)</td>
<td>microprestamo: pequeño préstamo sin garantía, se hace fundamentalmente a mujeres para ayudarlas a asumir un proyecto generador de ingreso en un país en desarrollo (p. 480)</td>
</tr>
<tr>
<td>minimum wage: lowest legal wage that can be paid to most workers (pp. 44, 158, 219)</td>
<td>sueldo mínimo: sueldo legal más bajo que se le puede pagar a la mayoría de trabajadores (pp. 44, 158, 219)</td>
</tr>
<tr>
<td>misery index: unofficial statistic that is the sum of monthly inflation and the unemployment rate; same as discomfort index (p. 374)</td>
<td>índice de miseria: estadística no oficial que es la suma de la inflación mensual y la tasa de desempleo; igual al índice de incomodidad (p. 374)</td>
</tr>
<tr>
<td>mixed economy: economic system that has some combination of traditional, command, and market economies; also see modified free enterprise economy (pp. 39, 53)</td>
<td>economía mixta: sistema económico que tiene una combinación de economía tradicional, planificada y de mercado; ver también modified economy (pp. 39, 53)</td>
</tr>
<tr>
<td>modified free enterprise economy: free enterprise market economy where people carry on their economic affairs freely, but are subject to some government intervention and regulation; also see mixed economy (pp. 53, 522)</td>
<td>economía de empresa privada modificada: economía de mercado de libre empresa donde la gente lleva a cabo sus asuntos económicos libremente, pero están sujetos a algunas intervenciones y regulaciones del gobierno (pp. 53, 522)</td>
</tr>
<tr>
<td>modified union shop: arrangement under which workers have the option to join a union after being hired (p. 204)</td>
<td>empresa de exclusividad gremial modificada: arreglo por el cual los trabajadores tienen la opción de unirse a un sindicato luego de haberseles empleado (p. 204)</td>
</tr>
<tr>
<td>monetarism: school of thought stressing the importance of stable monetary growth to control inflation and stimulate long-term economic growth (p. 426)</td>
<td>monetarismo: escuela de pensamiento que enfatiza la importancia que el crecimiento monetario estable para controlar la inflación y estimular el crecimiento económico a largo plazo (p. 426)</td>
</tr>
<tr>
<td>monetary policy: actions by the Federal Reserve System to expand or contract the money supply in order to affect the cost and availability of credit (pp. 402, 431)</td>
<td>política monetaria: acciones que toma el Sistema de Reserva Federal para ampliar o reducir el abastecimiento de dinero para afectar el costo y disponibilidad de crédito (pp. 402, 431)</td>
</tr>
<tr>
<td>monetary unit: standard unit of currency in a country’s money supply; American dollar, British pound (p. 386)</td>
<td>unidad monetaria: unidad monetaria estándar del abastecimiento monetario de un país; el dólar americano, la libra británica (p. 386)</td>
</tr>
<tr>
<td>English</td>
<td>Español</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>money market: market in which financial capital is loaned and/or borrowed for one year or less</td>
<td>mercado monetario: mercado en el cual el capital financiero se ha prestado por un año o menos</td>
</tr>
<tr>
<td>money market: market in which financial capital is loaned and/or borrowed for one year or less</td>
<td>competición monopolística: estructura mercantil que posee todas las condiciones de competición pura a excepción de tener productos idénticos; una forma de competición imperfecta</td>
</tr>
<tr>
<td>monopolistic competition: market structure having all conditions of pure competition except for identical products; form of imperfect competition</td>
<td>monopolio: estructura mercantil caracterizada por un solo productor; una forma de competición imperfecta</td>
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<td>monopolio: estructura mercantil caracterizada por un solo productor; una forma de competición imperfecta</td>
</tr>
<tr>
<td>most favored nation clause: trade law allowing a third country to enjoy the same tariff reductions the United States negotiates with another country</td>
<td>cláusula de la nación más favorecida: derecho mercantil que permite a un país tercero disfrutar las mismas rebajas de tarifas que los Estados Unidos negocia con otro país</td>
</tr>
<tr>
<td>multinational: corporation producing and selling without regard to national boundaries and whose business activities are located in several different countries</td>
<td>multinacional: corporación que produce y vende sin importarle las fronteras nacionales y cuyas actividades comerciales están situadas en varios países</td>
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<td>multinacional: corporación que produce y vende sin importarle las fronteras nacionales y cuyas actividades comerciales están situadas en varios países</td>
</tr>
<tr>
<td>multiplier: change in overall spending caused by a change in investment spending</td>
<td>multiplicador: cambio en el gasto global causado por un cambio en el gasto de inversión</td>
</tr>
<tr>
<td>municipal bond: bond, often tax exempt, issued by state and local governments; known as munis</td>
<td>bono municipal: bono, a menudo exento de impuestos, emitido por el gobierno estatal o local; conocido como munis</td>
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<td>mutual fund: company that sells stock in itself and uses the proceeds to buy stocks and bonds issued by other companies</td>
<td>fondo mutuo: compañía que vende acciones de sí misma y usa las ganancias para comprar acciones y bonos emitidos por otras compañías</td>
</tr>
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<td>fondo mutuo: compañía que vende acciones de sí misma y usa las ganancias para comprar acciones y bonos emitidos por otras compañías</td>
</tr>
<tr>
<td>national bank: commercial bank chartered by the National Banking System</td>
<td>banco nacional: un banco comercial establecido por el Sistema Bancario Nacional</td>
</tr>
<tr>
<td>national currency: currency backed by government bonds and issued by commercial banks in the National Banking System</td>
<td>moneda nacional: moneda respaldada por bonos del gobierno y emitida por bancos comerciales en el Sistema Bancario Nacional</td>
</tr>
<tr>
<td>national currency: currency backed by government bonds and issued by commercial banks in the National Banking System</td>
<td>moneda nacional: moneda respaldada por bonos del gobierno y emitida por bancos comerciales en el Sistema Bancario Nacional</td>
</tr>
<tr>
<td>national debt: the total amount borrowed from investors to finance the government’s deficit spending</td>
<td>deuda nacional: el monto total que pidieron prestado a los inversores para financiar el gasto deficitario del gobierno</td>
</tr>
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<td>deuda nacional: el monto total que pidieron prestado a los inversores para financiar el gasto deficitario del gobierno</td>
</tr>
<tr>
<td>national income (NI): net national product less indirect business taxes; measure of a nation’s income</td>
<td>ingreso nacional: producto nacional neto menos los impuestos indirectos sobre las empresas; medida del ingreso de una nación</td>
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</tr>
<tr>
<td>natural monopoly: market structure in which average costs of production are lowest when all output is produced by a single firm</td>
<td>monopolio natural: estructura de mercado en la cual los costos promedios de producción son más bajos cuando toda la producción es de una única compañía</td>
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</tr>
<tr>
<td>need: basic requirement for survival; includes food, clothing, and/or shelter</td>
<td>necesidad: requisito básico para la supervivencia; incluye comida, ropa y/o albergue</td>
</tr>
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<td>necesidad: requisito básico para la supervivencia; incluye comida, ropa y/o albergue</td>
</tr>
<tr>
<td>negative externality: harmful side effect that affects an uninvolved third party; external cost</td>
<td>factores externos negativos: efectos secundarios negativos que afectan a un tercero no partícipe; costo externo</td>
</tr>
<tr>
<td>negative externality: harmful side effect that affects an uninvolved third party; external cost</td>
<td>factores externos negativos: efectos secundarios negativos que afectan a un tercero no partícipe; costo externo</td>
</tr>
<tr>
<td>negative income tax: tax system that would make cash payments in the form of tax refunds to individuals when their income falls below certain levels</td>
<td>impuesto negativo sobre la renta: sistema de impuestos que hace pagos efectivos en forma de reembolsos de impuestos cuando los ingresos de las personas caen por debajo de ciertos niveles</td>
</tr>
</tbody>
</table>
### Glossary/Glosario

#### English

**net asset value (NAV):** the market value of a mutual fund share determined by dividing the value of the fund by the number of shares issued (p. 307)

**net exports of goods and services:** net expenditures by the output-expenditure model’s foreign sector; equal to total exports less total imports (p. 327)

**net immigration:** net population change after accounting for those who leave as well as enter a country (p. 334)

**net income:** measure of business profits determined by subtracting all expenses, including taxes, from revenues (p. 73)

**net national product (NNP):** gross national product minus depreciation charges for wear and tear on capital equipment; measure of net annual production generated with labor and property supplied by a country’s citizens (p. 324)

**nonbank financial institution:** nondepository institution that channels savings to investors; finance companies, insurance companies, pension funds (p. 292)

**nondurable good:** an item that wears out or lasts for fewer than three years when used regularly (p. 13)

**nonmarket transaction:** economic activity not taking place in the market and, therefore, not included in GDP; services of homemakers, work around the home (p. 321)

**nonprice competition:** competition involving the advertising of a product’s appearance, quality, or design, rather than its price (p. 173)

**nonprofit organization:** economic institution that operates like a business but does not seek financial gain; schools, churches, community service organizations (p. 79)

**nonrecourse loan:** agricultural loan that carries neither a penalty nor further obligation to repay if not paid back (p. 159)

**nonrenewable resource:** resource that cannot be replenished once it is used (p. 513)

**North American Free Trade Agreement (NAFTA):** agreement signed in 1993 to reduce tariffs among the United States, Canada, and Mexico (p. 454)

**neutral:** favoring neither side in a dispute (p. 144)

**offset:** to balance higher levels of risk with a larger payoff (p. 298)

#### Español

**valor neto del activo (NAV, siglas en inglés):** valor en el mercado de una acción de un fondo mutualista de inversión determinado dividiendo el valor del fondo por el número de acciones emitidas (p. 307)

**exportaciones netas de bienes y servicios:** gastos netos según el modelo de producción-gastos del sector extranjero, igual al total de las exportaciones menos el total de las importaciones (p. 327)

**inmigración neta:** carga de población neta después de tomar en cuenta las personas que salen o entran del país (p. 334)

**ingreso neto:** justificación de las utilidades de un negocio determinada subrayando de la renta todos los gastos incluso los impuestos (p. 73)

**producto interno neto (PIN):** Producto Interno Bruto menos los cargos de depreciación por uso y desgaste del equipo capital; medida de la producción anual neta generada por la mano de obra y la propiedad suplida por los ciudadanos de un país (p. 324)

**institución financiera no bancaria:** institución no depositaria que canaliza los ahorros a los inversionistas; compañías financieras, compañías de seguro, fondos de pensiones (p. 292)

**bien no duradero:** algo que se consume totalmente o dura menos de tres años cuando se lo usa regularmente (p. 13)

**transacción fuera del mercado:** actividad económica que no toma lugar en el mercado y, por lo tanto, no está incluida en el PIB; los servicios de las amas de casa, trabajo del hogar (p. 321)

**competición sin precio:** competencia que implica publicidad sobre el aspecto de un producto, su calidad o diseño en vez de su precio (p. 173)

**organización sin ánimo de lucro:** institución económica que opera como un negocio pero que no busca ganancias; escuelas, iglesias, organizaciones de servicios para la comunidad (p. 79)

**préstamo sin recurso:** préstamo de agricultura que no lleva ni penalidad ni demás obligaciones de pago (p. 159)

**recurso no renovable:** recurso que no puede ser reemplazado una vez que hay sido usado (p. 513)

**Tratado de Libre Comercio de América del Norte (NAFTA):** tratado firmado en 1993 para reducir los aranceles entre los Estados Unidos, Canadá y México (p. 454)

**compensar:** balancear mayores niveles de riesgo con un retorno más elevado (p. 298)
<table>
<thead>
<tr>
<th>English</th>
<th>Español</th>
</tr>
</thead>
<tbody>
<tr>
<td>oligopoly: market structure in which a few large sellers dominate and have the ability to affect prices in the industry; form of imperfect competition (p. 174)</td>
<td>oligarquía: estructura mercantil en la que unos cuantos vendedores grandes dominan la industria y tienen la habilidad de afectar los precios; forma de competición imperfecta (p. 174)</td>
</tr>
<tr>
<td>open market operations: monetary policy in the form of U.S. treasury bills or bond sales and purchases, or both (p. 403)</td>
<td>operaciones de mercado abierto: política monetaria en la forma de compra y venta de bonos en el mercado de bonos (p. 403)</td>
</tr>
<tr>
<td>opportunity cost: cost of the next best alternative use of money, time, or resources when one choice is made rather than another (pp. 20, 444, 522)</td>
<td>costo de oportunidad: cuando se hace una elección en lugar de otra, el costo de la mejor alternativa que sigue para el uso del dinero, tiempo o recursos (pp. 20, 444, 522)</td>
</tr>
<tr>
<td>option: contract giving investors an option to buy or sell commodities, equities, or financial assets at a specific future date using a price agreed upon today (p. 311)</td>
<td>opción: contrato que da al inversionista una opción de comprar o vender bienes, capitales o activos financieros a una fecha específica en el futuro usando el precio acordado hoy (p. 311)</td>
</tr>
<tr>
<td>output-expenditure model: macroeconomic model describing aggregate demand by the consumer, investment, government, and foreign sectors; GDP = C + I + G + F (p. 327)</td>
<td>modelo de producción-gastos: modelo macroeconómico que describe la demanda total del consumidor, la inversión, gobierno y los sectores extranjeros; PIB = C + I + G + SE (p. 327)</td>
</tr>
<tr>
<td>outsourcing: hiring outside firms to perform non-core operations to lower operating costs (pp. 372, 503)</td>
<td>externalización: subcontratar compañías externas para realizar operaciones que no son básicas y así reducir los costos operativos (pp. 372, 503)</td>
</tr>
<tr>
<td>overhead: broad category of fixed costs that includes interest, rent, taxes, and executive salaries (p. 133)</td>
<td>gastos generales: categoría amplia de gastos fijos que incluyen intereses, alquiler, impuestos y salarios de ejecutivos (p. 133)</td>
</tr>
<tr>
<td>over-the-counter market (OTC): electronic marketplace for securities not listed on organized exchanges such as the New York Stock Exchange (p. 309)</td>
<td>over-the-counter market (OTC): mercado electrónico extrabursátil para valores no anotados en casas de cambio organizadas como la New York Stock Exchange (p. 309)</td>
</tr>
<tr>
<td>par value: principal of a bond or total amount borrowed (p. 297)</td>
<td>valor a la par: capital de un bono o la cantidad total pedida en préstamo (p. 297)</td>
</tr>
<tr>
<td>paradox of value: apparent contradiction between the high value of a nonessential item and the low value of an essential item (p. 14)</td>
<td>paradoja de valor: aparente contradicción entre el alto valor de elementos que no son esenciales y el bajo valor de elementos esenciales (p. 14)</td>
</tr>
<tr>
<td>partnership: unincorporated business owned and operated by two or more people who share the profits and have unlimited liability for the debts and obligations of the firm; same as general partnership (p. 64)</td>
<td>sociedad: negocio no incorporado operado por dos o más dueños quienes comparten las ganancias y que tienen responsabilidad ilimitada por las deudas y obligaciones de la firma; igual que sociedad colectiva (p. 64)</td>
</tr>
<tr>
<td>“pay-as-you-go” provision: requirement that new spending proposals or tax cuts must be offset by reductions elsewhere (p. 282)</td>
<td>estipulación de “pagar según vayas surgiendo”: requerimiento de que nuevas propuestas de gasto o reducción de impuestos deben ser igualadas por reducciones en otras partes del presupuesto (p. 282)</td>
</tr>
<tr>
<td>payroll tax: tax on wages and salaries to finance Social Security and Medicare costs (p. 239)</td>
<td>impuesto sobre nómina de pago: impuestos en pagos y salarios para financiar el Seguro Social y costos de atención médica (medicare) (p. 239)</td>
</tr>
<tr>
<td>payroll withholding statement: document attached to a paycheck summarizing pay and deductions (p. 248)</td>
<td>estado de cuenta de retención de nómina: documento adherido al cheque de pago que resume el pago y las deducciones (p. 248)</td>
</tr>
<tr>
<td>payroll withholding system: system that automatically deducts income taxes from paychecks on a regular basis (p. 239)</td>
<td>sistema de retención de nómina: sistema periódico que automáticamente deduce los impuestos sobre la renta del cheque de pago (p. 239)</td>
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<tr>
<td>English</td>
<td>Español</td>
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<tr>
<td><strong>peak</strong>: point in time when real GDP stops expanding and begins to decline (p. 354)</td>
<td><strong>apogeo</strong>: punto en el tiempo cuando el PIB cesa de aumentar y comienza a declinar (p. 354)</td>
</tr>
<tr>
<td><strong>pension</strong>: regular allowance for someone who has worked a certain number of years, reached a certain age, or who has suffered from an injury (p. 292)</td>
<td><strong>pensión</strong>: pago regular para alguien que ha trabajado cierto número de años, ha alcanzado cierta edad o ha sufrido una lesión (p. 292)</td>
</tr>
<tr>
<td><strong>pension fund</strong>: fund that collects and invests income until payments are made to eligible recipients (p. 292)</td>
<td><strong>fondo de pensiones</strong>: fondo que recauda e invierte ingresos hasta que se hacen pagos a los titulares que tienen derecho (p. 292)</td>
</tr>
<tr>
<td><strong>per capita</strong>: per person basis; total divided by population (p. 279)</td>
<td><strong>per cápita</strong>: con base en la persona; el total dividido entre la población (p. 279)</td>
</tr>
<tr>
<td><strong>perestroika</strong>: fundamental restructuring of the Soviet economy; policy introduced by Gorbachev (p. 490)</td>
<td><strong>perestroika</strong>: reestructuramiento fundamental de la economía soviética; política introducida por Gorbachev (p. 490)</td>
</tr>
<tr>
<td><strong>perfect competition</strong>: market structure characterized by a large number of well-informed independent buyers and sellers who exchange identical products (p. 170)</td>
<td><strong>competencia perfecta</strong>: estructura del mercado que se caracteriza por un gran número de compradores y vendedores independientes bien informados que intercambian productos idénticos (p. 170)</td>
</tr>
<tr>
<td><strong>persistent</strong>: continuous, without signs of weakening (p. 460)</td>
<td><strong>pERSISTENTE</strong>: continuo, sin signos de debilitamiento (p. 460)</td>
</tr>
<tr>
<td><strong>personal income (PI)</strong>: total amount of income going to the consumer sector before individual income taxes are paid (p. 324)</td>
<td><strong>ingresos personales</strong>: cantidad total de ingresos que van al sector del consumidor antes de que se paguen los impuestos sobre la renta (p. 324)</td>
</tr>
<tr>
<td><strong>picket</strong>: demonstrate or march before a place of business to protest a company's actions (p. 199)</td>
<td><strong>piqueteo</strong>: manifestar o marchar ante el establecimiento comercial para protestar las acciones de la patronal (p. 199)</td>
</tr>
<tr>
<td><strong>pollution</strong>: contamination of air, water, or soil by the discharge of a poisonous or noxious substance (p. 516)</td>
<td><strong>polución</strong>: contaminación del aire, agua o tierra por la descarga de una sustancia venenosa o nociva (p. 516)</td>
</tr>
<tr>
<td><strong>pollution permit</strong>: federal permit allowing a public utility to release pollutants into the air; a form of pollution control (p. 517)</td>
<td><strong>permiso de polución</strong>: permiso federal que permite que las empresas de servicios públicos liberen poluentes en el aire; una forma de controlar la contaminación (p. 517)</td>
</tr>
<tr>
<td><strong>population density</strong>: number of people per square mile of land area (p. 493)</td>
<td><strong>densidad demográfica</strong>: número de personas por milla cuadrada de área de terreno (p. 493)</td>
</tr>
<tr>
<td><strong>population pyramid</strong>: diagram showing the breakdown of population by age and gender (p. 333)</td>
<td><strong>pirámide demográfica</strong>: diagrama que muestra la distribución de la población por edad y sexo (p. 333)</td>
</tr>
<tr>
<td><strong>pork</strong>: a line item budget expenditure that circumvents normal budget building processes and procedures and benefits a small number of people or businesses (p. 261)</td>
<td><strong>gasto público clientelista</strong>: gasto en el presupuesto de rubros que eluden los procedimientos normales de elaboración del presupuesto y benefician a un pequeño número de personas o empresas (p. 261)</td>
</tr>
<tr>
<td><strong>portfolio diversification</strong>: strategy of holding different investments to protect against risk (p. 307)</td>
<td><strong>diversificación de cartera</strong>: estrategia de retener diferentes inversiones para protección contra riesgos (p. 307)</td>
</tr>
<tr>
<td><strong>positive externality</strong>: beneficial side effect that affects an uninvolved third party (p. 182)</td>
<td><strong>factores externos positivos</strong>: efectos secundarios beneficiosos que afectan a un tercero no involucrado (p. 182)</td>
</tr>
<tr>
<td><strong>poverty threshold</strong>: annual dollar income used to determine the number of people in poverty (p. 338)</td>
<td><strong>umbral de pobreza</strong>: ingreso anual en dólares para determinar el número de personas en situación de pobreza (p. 338)</td>
</tr>
<tr>
<td><strong>poverty guidelines</strong>: administrative guidelines used to determine eligibility for certain federal programs (p. 338)</td>
<td><strong>pautas de pobreza</strong>: pautas administrativas usadas para determinar la elegibilidad para determinados programas federales (p. 338)</td>
</tr>
<tr>
<td><strong>preferred stock</strong>: form of stock without vote, in which stockholders get their investments back before common stockholders (p. 68)</td>
<td><strong>acciones preferenciales</strong>: forma del capital accionario sin voto, en el que los accionistas recuperan su inversión antes que los accionistas ordinarios (p. 68)</td>
</tr>
<tr>
<td>English</td>
<td>Español</td>
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<td>------------------------------------------------------------------------</td>
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<tr>
<td><strong>premium</strong>: monthly, quarterly, semiannual, or annual price paid for <strong>prima</strong>: precio que se paga mensual, trimestral, semianual o anualmente por una póliza de seguro <strong>(p. 292)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>presumed</strong>: taken for granted; supposed <strong>(p. 300)</strong></td>
<td><strong>supuesto</strong>: dado por sentado; conjeturado <strong>(p. 300)</strong></td>
</tr>
<tr>
<td><strong>prevail</strong>: to predominate <strong>(p. 92)</strong></td>
<td><strong>prevalecer</strong>: predominar <strong>(p. 92)</strong></td>
</tr>
<tr>
<td><strong>price</strong>: monetary value of a product as established by supply and <strong>precio</strong>: valor monetario de un producto establecido por la oferta y la demanda <strong>(p. 143)</strong></td>
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<tr>
<td>demand <strong>(p. 143)</strong></td>
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</tr>
<tr>
<td><strong>price ceiling</strong>: maximum legal price that can be charged for a <strong>precio máximo</strong>: máximo precio legal que se puede cobrar por un producto <strong>(p. 157)</strong></td>
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<tr>
<td>product <strong>(p. 157)</strong></td>
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</tr>
<tr>
<td><strong>price discrimination</strong>: practice of charging customers different <strong>discriminación en el precio</strong>: práctica de cobrarle a los clientes distintos precios por el mismo producto; por lo general ilegal <strong>(p. 186)</strong></td>
<td></td>
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<tr>
<td>prices for the same product; usually illegal <strong>(p. 186)</strong></td>
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<tr>
<td><strong>price-fixing</strong>: agreement, usually illegal, by firms to charge a <strong>fijación de precios</strong>: acuerdo, por lo general ilegal, que hacen las compañías para cobrar un precio uniforme por un producto <strong>(p. 175)</strong></td>
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<tr>
<td>uniform price for a product <strong>(p. 175)</strong></td>
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<tr>
<td><strong>price floor</strong>: lowest legal price that can be charged for a <strong>precio mínimo</strong>: precio legal más bajo que se puede cobrar por un producto <strong>(p. 158)</strong></td>
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<tr>
<td>product <strong>(p. 158)</strong></td>
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</tr>
<tr>
<td><strong>price index</strong>: statistical series used to measure changes in the <strong>índice de precios</strong>: serie estadística que se usa para medir cambios en el nivel de los precios a lo largo del tiempo <strong>(p. 362)</strong></td>
<td></td>
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<tr>
<td>price level over time <strong>(p. 362)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>primary</strong>: most important <strong>(p. 475)</strong></td>
<td><strong>primario</strong>: el más importante <strong>(p. 475)</strong></td>
</tr>
<tr>
<td><strong>primary market</strong>: market in which only the original issuer <strong>mercado primario</strong>: mercado en que sólo el emisor original venderá o volverá a comprar un haber financiero; bonos de ahorros del gobierno, los IRA, pequeños CD <strong>(p. 303)</strong></td>
<td></td>
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<tr>
<td>can sell or repurchase a financial asset; government savings <strong>(p. 303)</strong></td>
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</tr>
<tr>
<td>bonds, IRAs, small CDs <strong>(p. 303)</strong></td>
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</tr>
<tr>
<td><strong>prime rate</strong>: best or lowest interest rate commercial banks <strong>tasa preferencial</strong>: tasa de interés mejor o más baja que los bancos comerciales cobran a sus clientes <strong>(p. 404)</strong></td>
<td></td>
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<tr>
<td>charge their customers <strong>(p. 404)</strong></td>
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<tr>
<td><strong>primitive equilibrium</strong>: first stage of economic development <strong>equilibrio primitivo</strong>: primera etapa del desarrollo económico durante la cual la economía está estancada <strong>(p. 472)</strong></td>
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<tr>
<td>during which the economy is stagnant <strong>(p. 472)</strong></td>
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<tr>
<td><strong>principal</strong>: amount borrowed when getting a loan or issuing a <strong>capital</strong>: cantidad que se pide prestada cuando se obtiene un préstamo o se emite un bono <strong>(p. 69)</strong></td>
<td></td>
</tr>
<tr>
<td>bond <strong>(p. 69)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>principle</strong>: a fundamental law or idea <strong>(p. 98)</strong></td>
<td><strong>principio</strong>: una ley o idea fundamental <strong>(p. 98)</strong></td>
</tr>
<tr>
<td><strong>private property rights</strong>: fundamental feature of capitalism, <strong>derechos de propiedad privada</strong>: característica fundamental del capitalismo la cual permite a los individuos a poseer y controlar sus propiedades como lo deseen, incluso las propiedades tangibles e intangibles <strong>(p. 50)</strong></td>
<td></td>
</tr>
<tr>
<td>which allows individuals to own and control their possessions as they <strong>(p. 50)</strong></td>
<td></td>
</tr>
<tr>
<td>wish; includes both tangible and intangible property <strong>(p. 50)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>private sector</strong>: that part of the economy made up of private <strong>sector privado</strong>: aquella parte de la economía compuesta por personas privadas y negocios <strong>(p. 263)</strong></td>
<td></td>
</tr>
<tr>
<td>individuals and businesses <strong>(p. 263)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>privatization</strong>: conversion of state-owned factories and other <strong>privatización</strong>: conversión de fábricas y otras propiedades del gobierno a propiedad privada <strong>(p. 487)</strong></td>
<td></td>
</tr>
<tr>
<td>property to private ownership <strong>(p. 487)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>producer price index (PPI)</strong>: index used to measure prices <strong>índice de precios de productor (PPI, siglas en inglés)</strong>: índice que se usa para medir los precios recibidos de los productores domésticos; anteriormente denominado índice de precios al por mayor <strong>(p. 364)</strong></td>
<td></td>
</tr>
<tr>
<td>received by domestic producers; formerly called the wholesale <strong>diferenciación de productos</strong>: diferencias reales o imaginadas entre productos que compiten en la misma industria <strong>(p. 173)</strong></td>
<td></td>
</tr>
<tr>
<td>price index <strong>(p. 364)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>product differentiation</strong>: real or imagined differences between <strong>(p. 173)</strong></td>
<td></td>
</tr>
<tr>
<td>competing products in the same industry <strong>(p. 173)</strong></td>
<td></td>
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<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
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</tr>
<tr>
<td><strong>product market</strong></td>
<td><strong>mercado de productos</strong></td>
</tr>
<tr>
<td>market where goods and services are bought and sold (p. 15)</td>
<td>mercado donde los bienes y servicios se compran y se venden (p. 15)</td>
</tr>
<tr>
<td><strong>production function</strong></td>
<td><strong>función de producción</strong></td>
</tr>
<tr>
<td>graphic portrayal showing how a change in the amount of a single variable input affects total output (p. 128)</td>
<td>rendimiento gráfico que muestra cómo un cambio en la cantidad de una sola variable de insumo afecta la producción total (p. 128)</td>
</tr>
<tr>
<td><strong>production possibilities frontier</strong></td>
<td><strong>frontera de posibilidades de producción</strong></td>
</tr>
<tr>
<td>diagram representing maximum combinations of goods and/or services an economy can produce when all productive resources are fully employed (pp. 21, 444)</td>
<td>diagrama que representa el máximo de combinaciones de bienes y/o servicios que una economía puede producir cuando se emplean a plenitud todos los recursos (pp. 21, 444)</td>
</tr>
<tr>
<td><strong>productivity</strong></td>
<td><strong>productividad</strong></td>
</tr>
<tr>
<td>measure of the amount of output produced with a given amount of productive factors; normally refers to labor, but can apply to all factors of production (p. 16)</td>
<td>medida de la cantidad producción con una cantidad determinada de factores productivos; normalmente se refiere a mano de obra, pero puede aplicarse a todos los factores de la producción (p. 16)</td>
</tr>
<tr>
<td><strong>professional association</strong></td>
<td><strong>asociación profesional</strong></td>
</tr>
<tr>
<td>nonprofit organization of professional or specialized workers seeking to improve working conditions, skill levels, and public perceptions of its profession (p. 81)</td>
<td>organización sin fines de lucro de trabajadores profesionales o especializados que buscan mejorar las condiciones de trabajo, los niveles de habilidades y la percepción pública de su profesión (p. 81)</td>
</tr>
<tr>
<td><strong>professional labor</strong></td>
<td><strong>trabajo profesional</strong></td>
</tr>
<tr>
<td>workers with a high level of professional and managerial skills (p. 208)</td>
<td>trabajadores con un alto nivel de habilidades profesionales y gerenciales (p. 208)</td>
</tr>
<tr>
<td><strong>profit</strong></td>
<td><strong>ganancias</strong></td>
</tr>
<tr>
<td>extent to which persons or organizations are better off at the end of a period than they were at the beginning; usually measured in dollars (p. 50)</td>
<td>nivel al que personas y organizaciones mejoran al cabo de un periodo de lo que estaban al principio; por lo general se mide en dólares (p. 50)</td>
</tr>
<tr>
<td><strong>profit-maximizing quantity of output</strong></td>
<td><strong>cantidad de producto para el máximo de ganancias</strong></td>
</tr>
<tr>
<td>level of production where marginal cost is equal to marginal revenue (p. 137)</td>
<td>nivel de producción en que el costo marginal equivale al ingreso marginal (p. 137)</td>
</tr>
<tr>
<td><strong>profit motive</strong></td>
<td><strong>moto de ganancia</strong></td>
</tr>
<tr>
<td>driving force that encourages people and organizations to improve their material well-being; characteristic of capitalism and free enterprise (p. 50)</td>
<td>fuerza motriz que anima a la gente y organizaciones a mejorar su bienestar material; característica del capitalismo y el libre comercio (p. 50)</td>
</tr>
<tr>
<td><strong>progressive tax</strong></td>
<td><strong>tributación progresiva</strong></td>
</tr>
<tr>
<td>tax where percentage of income paid in tax rises as level of income rises (p. 235)</td>
<td>tributación en que un porcentaje del ingreso que se paga en impuestos sube al subir el nivel de ingreso (p. 235)</td>
</tr>
<tr>
<td><strong>prohibited</strong></td>
<td><strong>prohibido</strong></td>
</tr>
<tr>
<td>prevented or forbade (p. 201)</td>
<td>impedido o interdicto (p. 201)</td>
</tr>
<tr>
<td><strong>projected</strong></td>
<td><strong>proyectado</strong></td>
</tr>
<tr>
<td>calculated as a future outcome (p. 334)</td>
<td>calculado como ingreso futuro (p. 334)</td>
</tr>
<tr>
<td><strong>property tax</strong></td>
<td><strong>impuesto sobre los bienes inmuebles</strong></td>
</tr>
<tr>
<td>tax on tangible and intangible possessions such as real estate, buildings, furniture, stocks, bonds, and bank accounts (p. 244)</td>
<td>gravámen sobre posiciones tangibles e intangibles como bienes raíces, edificios, muebles, acciones, bonos y cuentas bancarias (p. 244)</td>
</tr>
<tr>
<td><strong>proportion</strong></td>
<td><strong>proporción</strong></td>
</tr>
<tr>
<td>comparative relationship between things in terms of size, quantity, etc (p. 472)</td>
<td>relación comparativa entre las cosas en términos de tamaño, cantidad, etc. (p. 472)</td>
</tr>
<tr>
<td><strong>proportional tax</strong></td>
<td><strong>impuesto proporcional</strong></td>
</tr>
<tr>
<td>tax in which percentage of income paid in tax is the same regardless of the level of income (p. 235)</td>
<td>tributación en la cual el porcentaje de ingresos a pagar es igual sin importar el nivel de ingreso (p. 235)</td>
</tr>
<tr>
<td><strong>proprietaryship</strong></td>
<td><strong>patrimonio</strong></td>
</tr>
<tr>
<td>see sole proprietorship (p. 62)</td>
<td>ver sole proprietorship (p. 62)</td>
</tr>
<tr>
<td><strong>prospects</strong></td>
<td><strong>perspectivas</strong></td>
</tr>
<tr>
<td>potential or expectations (p. 306)</td>
<td>potencial o expectativas (p. 306)</td>
</tr>
<tr>
<td><strong>protectionist</strong></td>
<td><strong>proteccionista</strong></td>
</tr>
<tr>
<td>person who wants to protect domestic producers against foreign competition with tariffs, quotas, and other trade barriers (p. 450)</td>
<td>persona que desea proteger a los productores domésticos contra la competencia extranjera con aranceles, cuotas y otras barreras comerciales (p. 450)</td>
</tr>
<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
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</tr>
<tr>
<td><strong>protective tariff</strong>: tax on an imported product designed to protect less efficient domestic producers (p. 448)</td>
<td><strong>arancel proteccionista</strong>: impuesto sobre un producto importado, diseñado para proteger a los productores domésticos menos eficientes (p. 448)</td>
</tr>
<tr>
<td><strong>public disclosure</strong>: requirement forcing a business to reveal information about its products or its operations to the public (p. 188)</td>
<td><strong>revelación pública</strong>: requisito que fuerza a un negocio a que revele al público información de sus productos u operaciones (p. 188)</td>
</tr>
<tr>
<td><strong>public goods</strong>: economic products that are paid for and consumed collectively; such as highways, national defense, police and fire protection (p. 181)</td>
<td><strong>bienes públicos</strong>: producto económico por el que se paga y se consume colectivamente; autopistas, defensa nacional, protección de la policía y de los bomberos (p. 181)</td>
</tr>
<tr>
<td><strong>public sector</strong>: that part of the economy made up of the local, state, and federal governments (p. 262)</td>
<td><strong>sector público</strong>: esa parte de la economía compuesta de los gobiernos locales, estatales y federales (p. 262)</td>
</tr>
<tr>
<td><strong>public utility</strong>: company providing essential services such as water and electricity to consumers; usually subject to some government regulations (p. 83)</td>
<td><strong>empresa de servicios públicos</strong>: compañía que provee servicios esenciales como el agua y la electricidad a los consumidores, por lo general sujeta a algunas regulaciones del gobierno (p. 83)</td>
</tr>
<tr>
<td><strong>put option</strong>: futures contract giving investors the option to cancel a contract to sell commodities, equities, or financial assets (p. 311)</td>
<td><strong>opción de venta</strong>: contrato de futuros que da a los inversores la opción de cancelar un contrato para vender productos básicos, acciones o activos financieros (p. 311)</td>
</tr>
<tr>
<td><strong>quantity supplied</strong>: amount offered for sale at a given price; point on the supply curve (p. 119)</td>
<td><strong>cantidad ofrecida</strong>: cantidad ofrecida en venta a un precio dado; punto en la curva de oferta (p. 119)</td>
</tr>
<tr>
<td><strong>quantity theory of money</strong>: hypothesis that the supply of money directly affects the price level over the long run (p. 405)</td>
<td><strong>teoría de la cantidad de dinero</strong>: hipótesis de que a largo plazo el abastecimiento de dinero afecta directamente el nivel del precio (p. 405)</td>
</tr>
<tr>
<td><strong>quota</strong>: limit on the amount of a good that is allowed into a country (p. 448)</td>
<td><strong>cupo</strong>: límite de cantidad de bienes que se permite en un país (p. 448)</td>
</tr>
<tr>
<td><strong>ration coupon</strong>: permit allowing holder to receive a given amount of a rationed product (p. 146)</td>
<td><strong>cupón de raciones</strong>: permite al portador recibir una cantidad específica de un producto racionado (p. 146)</td>
</tr>
<tr>
<td><strong>rationing</strong>: system of allocating goods and services without prices (p. 145)</td>
<td><strong>racionalización</strong>: sistema de distribución de bienes y servicios sin precios (p. 145)</td>
</tr>
<tr>
<td><strong>real dollars</strong>: see constant dollars (p. 221)</td>
<td><strong>dólares reales</strong>: ver constant dollars (p. 221)</td>
</tr>
<tr>
<td><strong>real GDP</strong>: gross domestic product after adjustments for inflation; same as GDP in constant dollars (p. 322)</td>
<td><strong>PIB real</strong>: Producto Interno Bruto después de ajustes para la inflación; igual que PIB en dólares constantes (p. 322)</td>
</tr>
<tr>
<td><strong>rebate</strong>: partial refund of the original price of a product (p. 146)</td>
<td><strong>reembolso</strong>: devolución parcial del precio original de un producto (p. 146)</td>
</tr>
<tr>
<td><strong>recession</strong>: decline in real GDP lasting at least two quarters or more (p. 354)</td>
<td><strong>recesión</strong>: reducción en el PIB real que dura al menos dos trimestres o más (p. 354)</td>
</tr>
<tr>
<td>*recovery: to get back (p. 365)</td>
<td>*recuperar: recuperar (p. 365)</td>
</tr>
<tr>
<td><strong>regressive tax</strong>: tax where percentage of income paid in tax goes down as income rises (p. 236)</td>
<td><strong>impuesto regresivo</strong>: impuesto en el cual el porcentaje del ingreso a pagar en impostiones baja cuando los ingresos suben (p. 236)</td>
</tr>
</tbody>
</table>
### Regulation Z • seasonal unemployment

<table>
<thead>
<tr>
<th><strong>English</strong></th>
<th><strong>Español</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regulation Z</strong>: provision extending truth-in-lending disclosures to consumers (p. 407)</td>
<td><strong>Regulación Z</strong>: provisión que extiende a los consumidores revelaciones de veracidad de préstamos (p. 407)</td>
</tr>
<tr>
<td><em>regulator</em>: someone or something that controls activities (p. 52)</td>
<td><em>regulador</em>: alguien o algo que controla las actividades (p. 52)</td>
</tr>
<tr>
<td><em>reluctant</em>: hesitant or unwilling (p. 265)</td>
<td><em>renuente</em>: reacio o sin interés (p. 265)</td>
</tr>
<tr>
<td>renewable resource: natural resource that can be replenished for future use (p. 512)</td>
<td>recurso renovable: recurso natural que se puede reabastecer para uso futuro (p. 512)</td>
</tr>
<tr>
<td>reserve requirement: formula used to compute the amount of a depository institution’s required reserves (p. 396)</td>
<td>requisito de reserva: fórmula que se usa para calcular la cantidad de reservas que requiere una institución depositaria (p. 396)</td>
</tr>
<tr>
<td><em>residence</em>: the place where a person lives (p. 329)</td>
<td><em>residencia</em>: el lugar donde una persona vive (p. 329)</td>
</tr>
<tr>
<td><em>resource</em>: any available means for economic or political development (p. 6)</td>
<td><em>recurso</em>: cualquier medio disponible para el desarrollo económico o político (p. 6)</td>
</tr>
<tr>
<td><em>restrained</em>: limited the activity or growth of (p. 186)</td>
<td><em>restringido</em>: limita la actividad o crecimiento de (p. 186)</td>
</tr>
<tr>
<td>revenue tariff: tax placed on imported goods to raise revenue (p. 448)</td>
<td>tarifa de ingresos: impuesto sobre bienes importados para recaudar fondos (p. 448)</td>
</tr>
<tr>
<td><em>revolution</em>: an overthrow of government (p. 385)</td>
<td><em>revolución</em>: derrocamiento del gobierno (p. 385)</td>
</tr>
<tr>
<td>right-to-work law: state law making it illegal to require a worker to join a union (p. 202)</td>
<td>ley de derecho al trabajo: ley estatal que hace ilegal el requerir que un trabajador sea miembro de un sindicato (p. 202)</td>
</tr>
<tr>
<td>risk: situation in which the outcome is not certain, but the probabilities can be estimated (p. 293)</td>
<td>riesgo: situación en la cual el resultado no es seguro, pero las probabilidades se pueden estimar (p. 293)</td>
</tr>
<tr>
<td>rural population: those persons not living in urban areas, including sparsely populated areas along the fringes of cities (p. 330)</td>
<td>población rural: aquellas personas que no viven en áreas urbanas, incluyendo zonas poco pobladas en la periferia de las ciudades (p. 330)</td>
</tr>
</tbody>
</table>

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<p>| <strong>S&amp;P 500</strong>: see Standard &amp; Poor 500 (p. 310) | <strong>S&amp;P 500</strong>: ver Standard &amp; Poor 500 (p. 310) |
| sales tax: general state or city tax levied on a product at the time of sale (p. 233) | impuesto de ventas: impuesto del estado o la ciudad en un producto en el momento de venta (p. 233) |
| saving: absence of spending that frees resources for use in other activities or investments (p. 289) | ahorro: ausencia de gastos que libera los recursos para usarlos en otras actividades o inversiones (p. 289) |
| savings: the dollars that become available for investors to use when others save (p. 289) | ahorros: los dólares que se hacen disponibles para que los inversionistas los usen cuando otras personas ahorrar (p. 289) |
| savings bond: low-denomination, non-transferable bond issued by the federal government, usually through payroll-savings plans (p. 300) | bono de ahorros: bono no transferible, de baja denominación emitido por el gobierno federal, usualmente a través de planes de ahorro de nómina (p. 300) |
| scarcity: fundamental economic problem facing all societies that results from a combination of scarce resources and people’s virtually unlimited wants (pp. 6, 509) | escasez: problema económico fundamental que enfrentan todas las sociedades como resultado de una combinación de escasos recursos y las necesidades ilimitadas de la gente (pp. 6, 509) |
| seasonal unemployment: unemployment caused by annual changes in the weather or other conditions that prevail at certain times of the year (p. 373) | desempleo estacional: desempleo causado por cambios anuales en el clima y otras condiciones que prevalecen durante ciertas épocas del año (p. 373) |</p>
<table>
<thead>
<tr>
<th>English</th>
<th>Español</th>
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<tbody>
<tr>
<td><strong>secondary market:</strong> market in which all financial assets can be sold to someone other than the original issuer; corporate bonds, government bonds (p. 303)</td>
<td><strong>mercado secundario:</strong> mercado en el que todos los bienes financieros se pueden vender a alguien excepto al emisor original; bonos de empresa privada, bonos del gobierno (p. 303)</td>
</tr>
<tr>
<td><strong>secondhand sales:</strong> sales of used goods; category of activity not included in GDP computation (p. 321)</td>
<td><strong>ventas de segunda mano:</strong> venta de bienes usados; categoría de actividad no incluida en la computación del PIB (p. 321)</td>
</tr>
<tr>
<td><strong>sector:</strong> an area of the economy in which businesses offer the same or similar products or services (p. 291)</td>
<td><strong>sector:</strong> área de la economía en la que las empresas ofrecen los mismos, o similares, productos o servicios (p. 291)</td>
</tr>
<tr>
<td><strong>secure:</strong> obtain (p. 457)</td>
<td><strong>afianzar:</strong> obtener (p. 457)</td>
</tr>
<tr>
<td><strong>securities exchange:</strong> see stock exchange (p. 308)</td>
<td><strong>bolsa de valores:</strong> ver stock exchange (p. 308)</td>
</tr>
<tr>
<td><strong>seizure:</strong> temporary government takeover of a company to keep it running during a labor-management dispute (p. 212)</td>
<td><strong>incautación:</strong> cuando el gobierno toma temporalmente una compañía para mantenerla operando durante un conflicto obrero-patronal (p. 212)</td>
</tr>
<tr>
<td><strong>semiskilled labor:</strong> workers who can operate machines requiring a minimum amount of training (p. 208)</td>
<td><strong>mano de obra semientrenada:</strong> trabajadores que pueden operar máquinas que requieren la mínima cantidad de entrenamiento (p. 208)</td>
</tr>
<tr>
<td><strong>seniority:</strong> length of time a person has been on a job (p. 210)</td>
<td><strong>antigüedad:</strong> cantidad de tiempo que una persona ha estado en un puesto de trabajo (p. 210)</td>
</tr>
<tr>
<td><strong>series:</strong> a group of related things or events (p. 358)</td>
<td><strong>serie:</strong> un grupo de cosas o acontecimientos relacionados (p. 358)</td>
</tr>
<tr>
<td><strong>service:</strong> work or labor performed for someone; economic product that includes haircuts, home repairs, forms of entertainment (p. 13)</td>
<td><strong>servicio:</strong> obra o trabajo efectuado por alguien; producto económico que incluye cortes de pelo, reparaciones del hogar, formas de entretenimiento (p. 13)</td>
</tr>
<tr>
<td><strong>set-aside contract:</strong> guaranteed contract or portion of a contract reserved for a targeted group, usually a minority (p. 219)</td>
<td><strong>contrato garantizado:</strong> contrato o porción de un contrato respaldado con aval, reservado para un grupo objetivo, por lo general una minoría (p. 219)</td>
</tr>
<tr>
<td><strong>shareholder:</strong> see stockholder (p. 67)</td>
<td><strong>accionista:</strong> ver stockholder (p. 67)</td>
</tr>
<tr>
<td><strong>short run:</strong> production period so short that only variable inputs (usually labor) can be changed (p. 128)</td>
<td><strong>corto plazo:</strong> periodo de producción tan corto que sólo se pueden cambiar los insumos variables (por lo general la mano de obra) (p. 128)</td>
</tr>
<tr>
<td><strong>shortage:</strong> situation where quantity supplied is less than quantity demanded at a given price (p. 151)</td>
<td><strong>escasez:</strong> situación en donde la cantidad ofrecida es menor que la cantidad demandada a un precio dado (p. 151)</td>
</tr>
<tr>
<td><strong>signaling theory:</strong> theory that employers are willing to pay more for people with certificates, diplomas, degrees, and other indicators of superior ability (p. 210)</td>
<td><strong>teoría de señalización:</strong> teoría de que los empleadores estarán dispuestos a pagar más a personas con certificados, diplomas, postgrados y otros indicadores de destrezas superiores (p. 210)</td>
</tr>
<tr>
<td><strong>silver certificate:</strong> paper currency backed by, and redeemable for, silver from 1878 to 1968 (p. 393)</td>
<td><strong>certificado de plata:</strong> papel moneda respaldado y redimible con plata desde 1878 hasta 1968 (p. 393)</td>
</tr>
<tr>
<td><strong>sin tax:</strong> relatively high tax designed to raise revenue and discourage consumption of a socially undesirable product (p. 230)</td>
<td><strong>impuesto de pecado:</strong> impuesto relativamente alto diseñado para recaudar ingresos y desalentar el consumo de productos socialmente indeseables (p. 230)</td>
</tr>
<tr>
<td><strong>skilled labor:</strong> workers who can operate complex equipment and require little supervision (p. 208)</td>
<td><strong>mano de obra adiestrada:</strong> trabajadores que pueden operar equipo complejo y que requieren poca supervisión (p. 208)</td>
</tr>
<tr>
<td><strong>Social Security:</strong> federal program of disability and retirement benefits that covers most working people (p. 45)</td>
<td><strong>Seguro Social:</strong> programa federal de beneficios de invalidez y retiro que cubre a la mayoría de las personas que trabajan (p. 45)</td>
</tr>
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<td>English</td>
<td>Español</td>
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</tr>
<tr>
<td><strong>socialism</strong>: economic system in which government owns some factors of production and has a role in determining what and how goods are produced (p. 39)</td>
<td><strong>socialismo</strong>: sistema económico en el cual el gobierno es dueño de algunos factores de producción y tiene un papel en la determinación de qué bienes se producirán y cómo (p. 39)</td>
</tr>
<tr>
<td><strong>soft loan</strong>: loan that may never be paid back; usually involves loan to developing countries (p. 482)</td>
<td><strong>préstamo indulgente</strong>: préstamo que tal vez nunca serán pagado, muchas veces hechos a países en desarrollo (p. 482)</td>
</tr>
<tr>
<td><strong>sole proprietorship</strong>: unincorporated business owned and run by a single person who has rights to all profits and unlimited liability for all debts of the firm; most common form of business organization in the United States (p. 62)</td>
<td><strong>empresa unipersonal</strong>: negocio no incorporado, de propiedad y operado por una sola persona quien tiene el derecho a todas las ganancias y responsabilidades sin límite por todas las deudas de la firma; la forma más común de organización comercial en los Estados Unidos (p. 62)</td>
</tr>
<tr>
<td><strong>Solidarity</strong>: independent Polish labor union founded in 1980 by Lech Walesa (p. 491)</td>
<td><strong>Solidaridad</strong>: gremio obrero independiente de Polonia fundado en 1980 por Lech Walesa (p. 491)</td>
</tr>
<tr>
<td><strong>specialization</strong>: assignment of tasks to the workers, factories, regions, or nations that can perform them more efficiently (p. 17)</td>
<td><strong>especialización</strong>: asignación de tareas a los trabajadores, fábricas, regiones o naciones que las pueden realizar más eficientemente (p. 17)</td>
</tr>
<tr>
<td><strong>specie</strong>: money in the form of gold or silver coins (p. 385)</td>
<td><strong>especie</strong>: dinero en forma de monedas de oro o plata (p. 385)</td>
</tr>
<tr>
<td><strong>spending cap</strong>: limits on annual discretionary spending (p. 282)</td>
<td><strong>límites de gastos</strong>: límites en gastos discrecionales anuales (p. 282)</td>
</tr>
<tr>
<td><strong>spot market</strong>: market in which a transaction is made immediately at the prevailing price (p. 311)</td>
<td><strong>mercado de entrega inmediata</strong>: mercado en el cual se hace una operación inmediatamente al precio imperante (p. 311)</td>
</tr>
<tr>
<td><em>stabilize</em>: to make steady or unwavering (p. 159)</td>
<td><em>estabilizar</em>: hacer estable o firme (p. 159)</td>
</tr>
<tr>
<td><strong>stages of production</strong>: phases of production that consist of increasing, decreasing, and negative returns (p. 129)</td>
<td><strong>etapas de producción</strong>: fases de producción que consisten en el aumento, disminución y rendimiento negativo (p. 129)</td>
</tr>
<tr>
<td><strong>stagflation</strong>: combination of stagnant economic growth and inflation (p. 364)</td>
<td><strong>stagflation</strong>: combinación de estancamiento del crecimiento económico y la inflación (p. 364)</td>
</tr>
<tr>
<td><em>stagnation</em>: lack of movement (p. 35)</td>
<td><em>estancamiento</em>: falta de movimiento (p. 35)</td>
</tr>
<tr>
<td><strong>Standard &amp; Poor’s 500 (S&amp;P 500)</strong>: statistical series of 500 stocks used to monitor prices on the NYSE, American Stock Exchange, and OTC market (p. 310)</td>
<td><strong>Las 500 de Standard &amp; Poor (S&amp;P 500)</strong>: serie estadística de las 500 acciones que se usan para observar los precios en la bolsa de valores de la NYSE, American Stock Exchange y el mercado extrabursátil (p. 310)</td>
</tr>
<tr>
<td><strong>standard of living</strong>: quality of life based on ownership of necessities and luxuries that make life easier (p. 24)</td>
<td><strong>estándar de vida</strong>: calidad de vida basada en la propiedad de necesidades y lujos que hacen la vida más fácil (p. 24)</td>
</tr>
<tr>
<td><strong>state bank</strong>: bank that receives its charter from the state in which it operates (p. 391)</td>
<td><strong>banco del estado</strong>: banco que recibe su escritura de constitución del estado en el cual opera (p. 391)</td>
</tr>
<tr>
<td><strong>stock</strong>: certificate of ownership in a corporation; common or preferred stock (p. 67)</td>
<td><strong>acción</strong>: certificado de propiedad en una corporación; acciones preferidas y ordinarias (p. 67)</td>
</tr>
<tr>
<td><strong>stock exchange</strong>: physical place where buyers and sellers meet to exchange securities (p. 308)</td>
<td><strong>bolsa de valores</strong>: lugar físico donde los compradores y vendedores se encuentran para intercambiar valores (p. 308)</td>
</tr>
<tr>
<td><strong>stockbroker</strong>: person who buys or sells securities for investors (p. 306)</td>
<td><strong>agente de bolsa</strong>: persona que compra y vende valores para los inversionistas (p. 306)</td>
</tr>
<tr>
<td><strong>stockholder</strong>: person who owns a share or shares of stock in a corporation; same as shareholders (p. 67)</td>
<td><strong>accionista</strong>: La persona dueña de acciones de una corporación (p. 67)</td>
</tr>
<tr>
<td><strong>store of value</strong>: one of the three functions of money allowing people to preserve value for future use (p. 387)</td>
<td><strong>fuente de valor</strong>: una de las tres funciones del dinero que permite a las personas preservar el valor para uso futuro (p. 387)</td>
</tr>
<tr>
<td><strong>English</strong></td>
<td><strong>Español</strong></td>
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<tr>
<td><strong>strategy</strong>: a plan or method (p. 504)</td>
<td><em>estrategia</em>: un plan o método (p. 504)</td>
</tr>
<tr>
<td><strong>strike</strong>: union-organized work stoppage designed to gain concessions from an employer (p. 199)</td>
<td>huelga: paro del trabajo, organizado por el sindicato y diseñado para obtener concesiones del patrón (p. 199)</td>
</tr>
<tr>
<td><strong>structural unemployment</strong>: unemployment caused by a fundamental change in the economy that reduces the demand for some workers (p. 372)</td>
<td>desempleo estructural: desempleo causado por un cambio fundamental en la economía que reduce la demanda de algunos trabajadores (p. 372)</td>
</tr>
<tr>
<td><strong>subsidy</strong>: government payment to encourage or protect a certain economic activity (pp. 122, 264)</td>
<td>subsidio: pago del gobierno para animar o proteger cierta actividad económica (pp. 122, 264)</td>
</tr>
<tr>
<td><strong>subsistence</strong>: state in which a society produces barely enough to support itself (p. 510)</td>
<td>subsistencia: estado en que una sociedad escasamente produce lo suficiente para sostenerse (p. 510)</td>
</tr>
<tr>
<td><strong>substitutes</strong>: competing products that can be used in place of one another; products related in such a way that an increase in the price of one increases the demand for the other (p. 100)</td>
<td>sustitutos: productos de competición que se pueden intercambiar; productos relacionados de tal forma que un aumento en el precio de uno aumenta la demanda por los otros (p. 100)</td>
</tr>
<tr>
<td><strong>substitution effect</strong>: that portion of a change in quantity demanded due to a change in the relative price of the product that makes other products more or less costly (p. 98)</td>
<td>efecto de sustitución: la porción de un cambio en cantidad demandada debido a un cambio en el precio relativo del producto que hace más o menos costosos a otros productos (p. 98)</td>
</tr>
<tr>
<td>*<strong>successive</strong>: consecutive (p. 518)</td>
<td><em>sucesivo</em>: consecutivo (p. 518)</td>
</tr>
<tr>
<td><strong>supply</strong>: amount of a product offered for sale at all possible prices in a market (p. 117)</td>
<td>oferta: cantidad de un producto que se ofrece a la venta a todos los precios posibles del mercado (p. 117)</td>
</tr>
<tr>
<td><strong>supply curve</strong>: a graph that shows the quantities supplied at each and every possible price in the market (p. 118)</td>
<td>curva de oferta: gráfica que muestra las cantidades ofertadas a todos los posibles precios del mercado (p. 118)</td>
</tr>
<tr>
<td><strong>supply elasticity</strong>: responsiveness of quantity supplied to a change in price (p. 124)</td>
<td>elasticidad de oferta: susceptibilidad de la cantidad ofrecida al cambio de precio (p. 124)</td>
</tr>
<tr>
<td><strong>supply schedule</strong>: a table showing the quantities produced or offered for sale at each and every possible price in the market (p. 118)</td>
<td>tabla de oferta: una tabla que muestra las cantidades producidas o ofrecidas a la venta a cada precio del mercado (p. 118)</td>
</tr>
<tr>
<td><strong>supply-side policies</strong>: economic policies designed to stimulate the economy by increasing production (p. 423)</td>
<td>políticas de promoción de la oferta: políticas económicas diseñadas para estimular la economía aumentando la producción (p. 423)</td>
</tr>
<tr>
<td><strong>surplus</strong>: situation where quantity supplied is greater than quantity demanded at a given price (p. 150)</td>
<td>superávit: situación en que la cantidad ofrecida es mayor que la cantidad demandada a un precio dado (p. 150)</td>
</tr>
<tr>
<td>*<strong>sustain</strong>: to support or hold up (p. 181)</td>
<td><em>sustentar</em>: mantener o elevar (p. 181)</td>
</tr>
<tr>
<td><strong>takeoff</strong>: third stage of economic development during which barriers of primitive equilibrium have been overcome (p. 473)</td>
<td>despegue: tercer etapa del desarrollo económico durante el cual las barreras de equilibrio primitivo han sido superadas (p. 473)</td>
</tr>
<tr>
<td><strong>target price</strong>: price floor for agricultural products set by the government to stabilize farm incomes (p. 159)</td>
<td>precio indicativo: precio más bajo de agricultura fijado por el gobierno para estabilizar los ingresos agrarios (p. 159)</td>
</tr>
<tr>
<td><strong>tariff</strong>: tax placed on an imported product (p. 448)</td>
<td>arancel: impuesto sobre productos importados (p. 448)</td>
</tr>
<tr>
<td><strong>tax assessor</strong>: person who examines and values property for tax purposes (p. 244)</td>
<td>tasador de impuestos: persona que examina y evalúa propiedades para propósitos de impuestos (p. 244)</td>
</tr>
<tr>
<td><strong>tax-exempt</strong></td>
<td>not subject to tax by federal or state governments (p. 300)</td>
</tr>
<tr>
<td><strong>tax loophole</strong></td>
<td>exception or oversight in the tax law allowing taxpayer to avoid taxes (p. 232)</td>
</tr>
<tr>
<td><strong>tax return</strong></td>
<td>annual report filed with local, state, or federal government detailing income earned and taxes owed (p. 233)</td>
</tr>
<tr>
<td><strong>technical</strong></td>
<td>related to a particular subject such as art, science, or trade (p. 106)</td>
</tr>
<tr>
<td><strong>technological monopoly</strong></td>
<td>market situation where a firm has a monopoly because it owns or controls a manufacturing method, process, or other scientific advance (p. 176)</td>
</tr>
<tr>
<td><strong>technological unemployment</strong></td>
<td>unemployment caused by technological developments or automation that make some workers’ skills obsolete (p. 372)</td>
</tr>
<tr>
<td><strong>theoretically</strong></td>
<td>existing only in theory; not practical (p. 170)</td>
</tr>
<tr>
<td><strong>theory of negotiated wages</strong></td>
<td>explanation of wage rates based on the bargaining strength of organized labor (p. 210)</td>
</tr>
<tr>
<td><strong>tight money policy</strong></td>
<td>monetary policy resulting in higher interest rates and restricted access to credit; associated with a contraction of the money supply (p. 402)</td>
</tr>
<tr>
<td><strong>total cost</strong></td>
<td>variable plus fixed cost; all costs associated with production (p. 134)</td>
</tr>
<tr>
<td><strong>total product</strong></td>
<td>total output or production by a firm (p. 129)</td>
</tr>
<tr>
<td><strong>total revenue</strong></td>
<td>total amount earned by a firm from the sale of its products; price of goods sold times quantity sold (p. 136)</td>
</tr>
<tr>
<td><strong>trade deficit</strong></td>
<td>balance of payments outcome when spending on imports exceeds revenues received from exports (p. 460)</td>
</tr>
<tr>
<td><strong>trade-off</strong></td>
<td>alternative that must be given up when one choice is made rather than another (p. 20)</td>
</tr>
<tr>
<td><strong>trade surplus</strong></td>
<td>situation occurring when the value of a nation’s exports exceeds the value of its imports (p. 460)</td>
</tr>
<tr>
<td><strong>trade union</strong></td>
<td>see craft union (p. 199)</td>
</tr>
<tr>
<td><strong>trade-weighted value of the dollar</strong></td>
<td>index showing strength of the United States dollar against a market basket of other foreign currencies (p. 460)</td>
</tr>
</tbody>
</table>

<p>| <strong>exento de impuestos</strong> | que no está gravado por impuestos del gobierno estatal ni federal (p. 300) |
| <strong>laguna tributaria</strong> | excepción o descuido en la ley de impuestos que permite que los contribuyentes eviten impuestos (p. 232) |
| <strong>declaración de impuestos</strong> | reporte anual que se registra con el gobierno local, el estatal o el federal y que detalla los ingresos que se ganaron y los impuestos que se deben (p. 233) |
| <strong>técnico</strong> | relacionado con un tema específico, como arte, ciencia o comercio (p. 106) |
| <strong>monopolio tecnológico</strong> | situación mercantil en que una firma tiene el monopolio porque es propietaria de/o controla un método o un proceso de manufactura u otro adelanto científico (p. 176) |
| <strong>desempleo tecnológico</strong> | desempleo causado por desarrollos tecnológicos o automatización que hace que las destrezas de algunos trabajadores sean obsoletas (p. 372) |
| <strong>teóricamente</strong> | que sólo existe en la teoría; que no es práctico (p. 170) |
| <strong>teoría de salarios negociados</strong> | explicación de las escalas de salarios basada en la fuerza de negociación del movimiento sindical (p. 210) |
| <strong>política de dinero escaso</strong> | política monetaria que resulta en tasas de interés más altas y acceso restringido al crédito; se asocia con la contracción del abastecimiento de dinero (p. 402) |
| <strong>costo total</strong> | costo variable y costo fijo; todos los gastos asociados a la producción (p. 134) |
| <strong>producto total</strong> | rendimiento o producción total de una firma (p. 129) |
| <strong>ingreso total</strong> | cantidad total obtenida por una compañía de la venta de sus productos; precio de los bienes vendidos multiplicado por la cantidad vendida (p. 136) |
| <strong>déficit comercial</strong> | resultados de la balanza de pagos cuando los gastos de las importaciones exceden los ingresos recibidos de las exportaciones (p. 460) |
| <strong>compensación</strong> | alternativas a las que hay que renunciar cuando se escoge una en lugar de otra (p. 20) |
| <strong>superávit de intercambio</strong> | la situación que ocurre cuando el valor de las exportaciones de una nación excede al valor de sus importaciones (p. 460) |
| <strong>sindicato gremial</strong> | ver craft union (p. 199) |
| <strong>valor del dólar ponderado según el comercio exterior</strong> | índice que indica la fuerza del dólar americano contra la cesta de mercado de otras divisas (p. 460) |</p>
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<th><strong>Español</strong></th>
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</thead>
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<tr>
<td><em>traditional economy</em>: economic system in which the allocation of scarce resources and other economic activity is the result of ritual, habit, or custom (p. 34)</td>
<td><em>economía tradicional</em>: sistema económico en el que la distribución de escasos recursos y otra actividad económica es el resultado de rito, hábito o costumbre (p. 34)</td>
</tr>
<tr>
<td><em>transferable</em>: able to be moved from one person or place to another (p. 13)</td>
<td><em>transferible</em>: capaz de ser trasladado de una persona o lugar a otro (p. 13)</td>
</tr>
<tr>
<td><em>transfer payment</em>: payment for which the government receives neither goods nor services in return (p. 263)</td>
<td><em>transferencia de pago</em>: pago por el cual el gobierno no recibe ni bienes ni servicios de vuelta (p. 263)</td>
</tr>
<tr>
<td><em>Trend line</em>: growth path the economy would follow if it were not interrupted by alternating periods of recession and recovery (p. 354)</td>
<td><em>tendencia</em>: rumbo de crecimiento que seguiría la economía si no se interrumpiera por periodos alternantes de recesión y recuperación (p. 354)</td>
</tr>
<tr>
<td><em>trust fund</em>: special account used to hold revenues designated for a specific expenditure such as Social Security, Medicare, or highways (p. 278)</td>
<td><em>fondo fiduciario</em>: cuenta especial que se usa para retener ingresos designados para un gasto específico como el Seguro Social, Medicare o las autopistas (p. 278)</td>
</tr>
<tr>
<td><em>two-tier wage system</em>: wage scale paying newer workers a lower wage than others already on the job (p. 217)</td>
<td><em>sistema de salario de dos niveles</em>: escala de salario que paga a los nuevos trabajadores un sueldo más bajo que a los que ya estaban trabajando (p. 217)</td>
</tr>
<tr>
<td><em>underground economy</em>: unreported legal and illegal activities that do not show up in GDP statistics (p. 321)</td>
<td><em>economía subterránea</em>: actividades ilegales sin reportar que no aparecen en las estadísticas del PIB (p. 321)</td>
</tr>
<tr>
<td><em>unduly</em>: too much (p. 417)</td>
<td><em>excesivamente</em>: demasiado (p. 417)</td>
</tr>
<tr>
<td><em>unemployed</em>: state of working for less than one hour per week for pay or profit in a non-family-owned business, while being available and having made an effort to find a job during the past month (p. 370)</td>
<td><em>desempleado</em>: condición de trabajar por menos de una hora por semana por paga o provecho en un negocio que no es de la familia, en tanto que se está disponible y se ha hecho el esfuerzo de hallar trabajo durante el mes pasado (p. 370)</td>
</tr>
<tr>
<td><em>unemployment insurance</em>: government program providing payments to the unemployed; an automatic stabilizer (p. 422)</td>
<td><em>seguro de desempleo</em>: programa de gobierno que provee pagos a los desempleados; un estabilizador automático (p. 422)</td>
</tr>
<tr>
<td><em>unemployment rate</em>: ratio of unemployed individuals divided by total number of persons in the civilian labor force, expressed as a percentage (p. 370)</td>
<td><em>índice de desempleo</em>: relación de personas desempleadas dividida por el número total de personas en la fuerza de trabajo civil, expresado como un porcentaje (p. 370)</td>
</tr>
<tr>
<td><em>unfounded</em>: not based on fact (p. 374)</td>
<td><em>infundado</em>: que no se basa en los hechos (p. 374)</td>
</tr>
<tr>
<td>English</td>
<td>Español</td>
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<tr>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>uniform • voluntary</td>
<td>uniforme • voluntario</td>
</tr>
<tr>
<td><strong>uniform</strong>: even or consistent (p. 342)</td>
<td><strong>uniforme</strong>: parejo o coherente (p. 342)</td>
</tr>
<tr>
<td><strong>union shop</strong>: arrangement under which workers must join a union after being hired (p. 204)</td>
<td><strong>empresa de exclusividad gremial</strong>: arreglo bajo el cual los trabajadores tienen que unirse a un sindicato tras ser empleados (p. 204)</td>
</tr>
<tr>
<td><strong>unit elastic</strong>: elasticity where a change in the independent variable (usually price) generates a proportional change of the dependent variable (quantity demanded or supplied) (p. 105)</td>
<td><strong>elasticidad de la unidad</strong>: elasticidad en que un cambio en la variable independiente (usualmente el precio) genera un cambio proporcional de la variable dependiente (cantidad demandada o ofrecida) (p. 105)</td>
</tr>
<tr>
<td><strong>unlimited liability</strong>: requirement that an owner is personally and fully responsible for all losses and debts of a business; applies to proprietorships, general partnerships (p. 63)</td>
<td><strong>unlimited liability/responsabilidad sin límite</strong>: requisito de que un propietario es personal y plenamente responsable por todas las pérdidas y deudas de un negocio; se aplica a propietarios y sociedades generales (p. 63)</td>
</tr>
<tr>
<td><strong>unrelated individual</strong>: person living alone or with nonrelatives even though that person may have relatives living elsewhere (p. 326)</td>
<td><strong>individuo no relacionado</strong>: persona que vive sola o con personas que no son sus parientes aunque esa persona tenga parientes que vivan en otro lugar (p. 326)</td>
</tr>
<tr>
<td><strong>unskilled labor</strong>: workers not trained to operate specialized machines and equipment (p. 208)</td>
<td><strong>mano de obra no adiestrada</strong>: trabajadores no entrenados para operar máquinas y equipos especializados (p. 208)</td>
</tr>
<tr>
<td><strong>unstable</strong>: unsteady (p. 420)</td>
<td><strong>inestable</strong>: fluctuante (p. 420)</td>
</tr>
<tr>
<td><strong>urban population</strong>: those persons living in incorporated cities, towns, and villages with 2,500 or more inhabitants (p. 330)</td>
<td><strong>población urbana</strong>: aquellas personas que viven en ciudades incorporadas, pueblos y aldeas con 2,500 o más habitantes (p. 330)</td>
</tr>
<tr>
<td><strong>user fee</strong>: fee paid for the use of good or service; form of a benefit tax (p. 241)</td>
<td><strong>tarifa para el usuario</strong>: precio que se paga por usar unos bienes o servicios; forma de un impuesto de beneficio (p. 241)</td>
</tr>
<tr>
<td><strong>utility</strong>: ability or capacity of a good or service to be useful and give satisfaction to someone (p. 14)</td>
<td><strong>utilidad</strong>: habilidad o capacidad de un bien o de un servicio para ser útil y darle satisfacción a alguien (p. 14)</td>
</tr>
<tr>
<td><strong>validity</strong>: justification (p. 230)</td>
<td><strong>validez</strong>: justificación (p. 230)</td>
</tr>
<tr>
<td><strong>value</strong>: worth of a good or service as determined by the market (p. 14)</td>
<td><strong>valor</strong>: valor de un bien o servicio según lo determina el mercado (p. 14)</td>
</tr>
<tr>
<td><strong>value-added tax (VAT)</strong>: tax on the value added at every stage of the production process (p. 252)</td>
<td><strong>impuesto de valor agregado</strong>: impuesto sobre el valor agregado a cada etapa del proceso de producción (p. 252)</td>
</tr>
<tr>
<td><strong>variable cost</strong>: production cost that varies as output changes; labor, energy, raw materials (p. 133)</td>
<td><strong>costo variable</strong>: costo de producción que varía según cambia la producción; la mano de obra, la energía, la materia prima (p. 133)</td>
</tr>
<tr>
<td><strong>various</strong>: different (p. 118)</td>
<td><strong>varios</strong>: diferentes (p. 118)</td>
</tr>
<tr>
<td><strong>vertical merger</strong>: combination of firms involved in different steps of manufacturing or marketing (p. 75)</td>
<td><strong>fusión vertical</strong>: combinación de firmas envueltas en distintos pasos de la manufactura o el mercadeo (p. 75)</td>
</tr>
<tr>
<td><strong>volume</strong>: amount; quantity (p. 443)</td>
<td><strong>volumen</strong>: cantidad; medida (p. 443)</td>
</tr>
<tr>
<td><strong>voluntary</strong>: done or brought about by free choice (p. 149)</td>
<td><strong>voluntario</strong>: realizado o iniciado por libre elección (p. 149)</td>
</tr>
</tbody>
</table>
### English

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>voluntary exchange</td>
<td>act of buyers and sellers freely and willingly engaging in market transactions; characteristic of capitalism and free enterprise (p. 49)</td>
</tr>
<tr>
<td>voucher</td>
<td>certificate that could be used to purchase government-owned property during privatization (p. 488)</td>
</tr>
<tr>
<td>wage-price controls</td>
<td>policies and regulations making it illegal for firms to give raises or raise prices without government permission (p. 427)</td>
</tr>
<tr>
<td>wage rate</td>
<td>prevailing pay scale for work performed in an occupation in a given area or region (p. 208)</td>
</tr>
<tr>
<td>want</td>
<td>something we would like to have but that is not necessary for survival (p. 6)</td>
</tr>
<tr>
<td>wealth</td>
<td>sum of tangible economic goods that are scarce, useful, and transferable from one person to another; excludes services (p. 14)</td>
</tr>
<tr>
<td>welfare</td>
<td>government or private agency programs that provide general economic and social assistance to needy individuals (p. 342)</td>
</tr>
<tr>
<td>workfare</td>
<td>program requiring welfare recipients to work in exchange for benefits (p. 344)</td>
</tr>
<tr>
<td>World Bank</td>
<td>international agency that makes loans to developing countries; formally the International Bank for Reconstruction and Development (p. 481)</td>
</tr>
<tr>
<td>World Trade Organization (WTO)</td>
<td>international agency that administers trade agreements, settles trade disputes between governments, organizes trade negotiations, and provides technical assistance and training for developing countries (p. 453)</td>
</tr>
<tr>
<td>zero population growth</td>
<td>condition in which the average number of births and deaths balance so that population size is unchanged (p. 474)</td>
</tr>
</tbody>
</table>

### Español

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>intercambio voluntario</td>
<td>hecho en el cual los compradores y los vendedores participan libre y voluntariamente en operaciones mercantiles; característica del capitalismo y el libre comercio (p. 49)</td>
</tr>
<tr>
<td>vale</td>
<td>certificado que podría usarse para comprar propiedad del gobierno durante una privatización (p. 488)</td>
</tr>
<tr>
<td>controles de salario-precio</td>
<td>políticas y regulaciones que hacen ilegal los aumentos a empleados o subidas de precios de las compañías sin la aprobación del gobierno (p. 427)</td>
</tr>
<tr>
<td>escala de salarios</td>
<td>escala de pago prevalente en una actividad laboral en determinada área o región (p. 208)</td>
</tr>
<tr>
<td>deseo</td>
<td>algo que nos gustaría tener pero que no es necesario para sobrevivir (p. 6)</td>
</tr>
<tr>
<td>riquezas</td>
<td>suma de los bienes económicos tangibles que son escasos, útiles y transferibles de una persona a otra; excluye servicios (p. 14)</td>
</tr>
<tr>
<td>asistencia social</td>
<td>programas del gobierno o de las agencias privadas que proveen asistencia económica y social a personas necesitadas (p. 342)</td>
</tr>
<tr>
<td>sistema de prestaciones sociales condicionadas</td>
<td>programa que exige que los beneficiarios de asistencia social provean trabajo a cambio de los beneficios (p. 344)</td>
</tr>
<tr>
<td>Banco Mundial</td>
<td>agencia internacional que hace préstamos a países en vías de desarrollo; antiguamente era el Banco Internacional para Reconstrucción y Desarrollo (p. 481)</td>
</tr>
<tr>
<td>Organización Mundial del Comercio (OMC)</td>
<td>agencia internacional que administra convenios de comercio, arregla disputas comerciales entre gobiernos, organiza negociaciones de comercio, y proporciona asistencia técnica y entrenamiento para los países en desarrollo (p. 453)</td>
</tr>
<tr>
<td>crecimiento demográfico nulo</td>
<td>condición en la que el número promedio de nacimientos y muertes se equilibran de modo que el tamaño de la población no cambia (p. 474)</td>
</tr>
</tbody>
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The following abbreviations are used in the index:
crt = cartoon; fig = figure, chart, graph; m = map; p = photograph

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