

7th and 8th Grade Social Studies

Economic Vocab Words and Summaries of their meaning. I will do next 10 later.

These first 10 words and definitions 5x each should be done by Friday March 20th.

Deposit--to put money into an account

Depression--A long-term economic state characterized by unemployment and low prices and low levels of trade and investment

Economics--The study of the production, consumption and distribution of goods and services.

Entrepreneur--Someone who takes the risk of producing a product or starting a new business.

exchange rate--Ratio at which a unit of currency of one country can be exchanged for that of another country.

Exports--The goods and services that producers in one nation sell to buyers in other nations.

GDP--Gross Domestic Product- the total market value of all final goods and services produced annually in an economy

human resources--People who work to produce goods and services

Imports--The goods and services that consumers in one nation buy from sellers in other nations.

Income--Amount of money you earn or receive from different sources.

Summaries

Deposit-When you put money to your bank account or to a retirement account (401k) you are depositing into those accounts. At current times in the Economic Crisis, people are NOT depositing money into the stock market; this is causing stocks not to increase in prices. There is too much risk involved in the market since the values are decreasing. So, what some people are doing is depositing money into bank savings accounts or in things like Savings and Treasury Bonds; places that are secure (they are called securities) and the amount deposited won't decrease. It won't make much money but it won't go down.

Depression-We are not in a Depression right now; we are getting closer to a Recession but not even there yet. A depression is a major time period of unemployment (where a large amount of people are out of work), where the demand of good is so low that prices decrease dramatically (because so many aren't working) and people aren't investing in the stock market.

Economics-People who study how and why people are 1) producing, 2) buying and selling and 3) shipping goods are called Economists. This is what they study to come up with how to give people ideas on what is happening and what will happen in the future. Understanding what is happening in the current Economic Crisis will help companies know how much to produce so that they know how much to produce and what to charge for goods.

Entrepreneur-Anyone who starts up their own business or comes up with new products to sell is an entrepreneur. These people generally use their own money or take out loans in their name to have

money on hand to produce products. These are the people that you would see on the TV show “Shark Tank.”

Exchange Rate-When you visit another country you will likely exchange the US Dollars that you have for whatever currency that country uses. Generally speaking, the US Dollar is worth more than any other currency, so you can buy things cheaper in another country. This is great if we are wanting to buy from them, but this also means that items produced in USA are more expensive worldwide. Other countries buy from places where their currency is low, cheap (mainly China). These countries devalue their currency so that other nations will buy from them. They produce things cheaply and we buy them cheaply.

Exports-The main exporter in the world is China. They send out of their country over \$2.2 Trillion worth of goods. This is mainly due to the currency issues they have listed above.

GDP-Gross Domestic Product is a good indicator of how much is being bought, sold and produced in a country. It's a good indicator of the size of the economy. The US has by far the largest GDP in the world as we buy, sell and produce over \$21 trillion worth of goods a year. That shows that our economy is healthy as we are spending money, working to make money and producing goods to sell. A large decrease in this could mean we are entering a Recession over a 6 month period.

Human Resources-These are the people that are working in a company to make goods. A company's human resources are the employees; not machines.

Imports-Bringing in goods to your country to sell is an import. The USA imports the most goods at about \$2.5 Trillion. It's cheaper to buy from other countries than it is to have Americans produce it. The American companies have to pay a high wage, provide insurance and other insurances. China and other countries pay far less of these things to their workers. Even shipping half a world way is cheaper if buying from another country.

Income-How much money you make is your income. Gross income is your actual salary. Net income is how much you actually bring home in a check or how much is put in your account. Net income is what's left after the government takes out taxes, Medicare and all other elections. Your income needs to be higher than your debts in life and in business. If this is not the case, you are not financially stable and may end up losing what you have. Companies in the current Financial Crisis aren't going to have as much income with the closing of stores. Small businesses may need to go to a bank and get a loan to keep paying their bills. This is why the Federal Government is lowering interest rates and putting money into banks so they can lend it to businesses to stay open.