**Domain 2: Vocabulary 2/3**

**Twenty Words in Context**

*In the space provided, write the letter of the meaning closest to that of each* ***boldfaced*** *word. Use the context of the sentences to help you figure out each word’s meaning.*

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| --- | --- |
| 1. **Normal Good**

\_\_\_ Normal Good means | * The people's income was getting higher and the economy was doing great, so that created a market for what was called a **normal good**.
* Shane considered steak to be a **normal good** because it was one of his favorite things to eat.
1. Purchase more as income increases **b**. purchase less as income increases **c.** purchase the same amount as income increases
 |
| 1. **Substitute Good**

\_\_\_ Substitute Good means | * Mark considered Apple Jacks an acceptable **substitute good** to Honey Bunches of oats.
* Very few people in the south will consider Pepsi as a **substitute good** for Coke.
1. Replacement item **b**. item purchased together **c.**
 |
| 1. **Complementary Good**

\_\_\_ Complementary Good means | * Socks and shoelaces are two **complementary goods** that must always be purchased when you buy a new pair of shoes.
* When I buy a new computer, the **complementary good** I get is a new monitor.
1. Replacement item **b**. item purchased together **c**.
 |
| 1. **Inelastic Demand**

\_\_\_ Inelastic Demand means | * In the summer many children have an **inelastic demand** for ice cream.
* When Janet is really tired she tends to have an **inelastic demand** for coffee.
1. Sensitive to prices **b**. neutral to prices **c**. not sensitive to prices
 |
| 1. **Elastic Demand**

\_\_\_ Elastic Demand means | * Ms. Yeomans now has an **elastic demand** for ramen noodles since she can afford something different.
* Even though he really likes Mellow Mushroom pizza, Aiden has an **elastic demand** for it when they begin changing prices.
1. Sensitive to prices **b**. neutral to prices **c**. not sensitive to prices
 |
| 1. **Surplus**

\_\_\_ Surplus means | * After Halloween there always seems to be a **surplus** of candy in the stores.
* Producers are so convinced that all consumers will buy coffee at any price that all the sudden there is a **surplus** of coffee shops.
1. Temporary condition of excess supply **b**. temporary condition of a lack of supply **c.** permanent condition of a lack of supply
 |
| 1. **Shortage**

\_\_\_ Shortage means | * Hot weather led to a **shortage** of water at the food booths at the state fair.
* The threat of hurricanes always leads to a **shortage** of wood and generators at Home Depot.
1. Temporary condition of excess supply **b**. temporary condition of a lack of supply **c**. permanent condition of a lack of supply
 |
| 1. **Price Floor**

\_\_\_ Price Floor means | * The government thought they were helping workers by imposing a **price floor** on wages.
* I told my manager that he could not sell the product for any less because of the **price floor** and how it would violate that.**a.** equilibrium price for goods **b**. maximum price for goods **c**. minimum price for goods
 |
| 1. **Price Ceiling**

\_\_\_ Price Ceiling means | * I did not make a lot of money, so I was thankful there was a **price ceiling** that would ensure I could afford important products.
* The **price ceiling** from the 1970s did not have the helping impact for customers that the government expected.
1. equilibrium price for goods **b**. maximum price for goods **c**. minimum price for goods
 |
| 1. **Liability**

\_\_\_ Liability means | * Colorado law exempts land owners from most **liability** if the land for recreational is freely offered, at no charge.
* After losing his job, John realized he could not afford the **liability** that came along with buying a new car.
1. Advantage **b**. asset **c**. responsibility
 |
| 1. **Inferior Good**

\_\_\_ Inferior Good means | * Racetrac coffee is an **inferior good** that Aileen prefers not to buy if she can help it.
* If you are putting out an **inferior good** others will quickly realize it and will move on to another brand.
1. Purchase more as income increases **b**. purchase less as income increases **c**. purchase the same amount as income increases
 |
| 1. **Revenue**

\_\_\_ Revenue means | * Tax **revenues** have been much higher than expected this year, resulting in a large budget surplus.
* Company **revenues** are down somewhat this year due to the recession.
1. Expenditures **b**. earnings **c**. outlay
 |
| 1. **Corporation**

\_\_\_ Corporation means | * He works for a large multinational **corporation** which deals in computer technology.
* Our global economy now functions primarily to produce profit for large **corporations**.
1. Business owned by one person **b**. business owned by 2 or more people **c**. business owned by investors
 |
| 1. **Partnership**

\_\_\_ Partnership means | * The **partnership** between the two men was going along smoothly they had just pooled the money between the two of them and paid the deposit for the building that would house their second store.
* It was only logical for George and Nate to develop a **partnership** in their laundry business because both were passionate about the laundry industry and only had enough money to launch their business when they pooled each of theirs together.

**a**. Business owned by one person **b**. business owned by 2 or more people **c**. business owned by investors |
| 1. **Sole Proprietorship**

\_\_\_ Sole Proprietorship means | * I set my new business up as a **sole proprietorship**, and I am worried that if the business fails, I am going to have to pay all its debts out of my own pocket.
* Bill had **sole proprietorship** of the his carpet cleaning company because he owned received all the benefits as well as accrued all the risks that came along with it.**a**. Business owned by one person **b**. business owned by 2 or more people **c**. business owned by investors
 |
| 1. **Monopoly**

\_\_\_ Monopoly means | * The company had achieved such total dominance in its area of the market that it had effectively become a **monopoly**, making it impossible for competitors to succeed.
* If AT&T had been allowed to purchase T-Mobile they would have had a virtual **monopoly** on the cell phone market. **a**. one provider of a good **b**. a few providers of a good **c**. many providers of a good
 |
| 1. **Oligopoly**

\_\_\_ Oligopoly means | * The beverage companies Coca-Cola and Pepsi are largely involved in an **oligopoly** because they sell very similar soda products which forces smaller beverage companies out of business.
* The airline companies continued to wield their **oligopoly** power, raising prices without any noticeable improvement in service, knowing their customers had limited options**a**. one provider of a good **b**. a few providers of a good **c**. many providers of a good
 |
| 1. **Monopolistic Competition**

\_\_\_ Monopolistic Competition means | * Burger King, McDonalds and Wendy’s compete in a very crowded **monopolistic competition** fast food market.
* Most of what we purchase today is sold in a **monopolistic competitive** market.

**a**. many providers of a similar good **b**. a few providers of a good **c**. many providers of an identical good |
| 1. **Perfect Competition**

\_\_\_ Perfect Competition means | * Agriculture is often sold in a **perfectly competitive** market.
* If you find yourself in **perfect competition** you must try to market your product as best as you can to beat your competitors.**a**. many providers of a similar good **b**. a few providers of a good **c**. many providers of an identical good
 |
| 1. **Market**

\_\_\_ Market means | * They are trying to develop foreign **markets** for American cotton.
* Advertisers are trying to appeal to the youth **market*.***

**a**. place for buyers and sellers to interact **b**. place where goods are produced **c.** place for government to make all decisions |

**Matching Words with Definitions**

*Following are definitions of the twenty words. Clearly write or print each word next to its definition. The sentences above and on the previous page will help you decide on the meaning of each word.*

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A place/way for buyers and sellers to exchange things.
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A good consumers purchase more of as their income increases.
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A business owned by 2 or more people.
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Income earned either through sales or taxes.
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A sensitivity to a change in prices for a good or service.
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A lack of sensitivity to a change in prices for a good or service.
7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A business owned by stockholders.
8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Temporary condition where the quantity demanded of a good exceeds the quantity supplied.
9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A business owned by one person.
10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A good or service purchased to use with another good or service.
11. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A market structure in which all goods and services are identical.
12. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Temporary condition where the quantity supplied of a good exceeds the quantity demanded.
13. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Minimum price legally allowed to charge for a good or service.
14. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A market structure dominated by one large firm.
15. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Maximum price legally allowed to charge for a good or service.
16. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The responsibility for all debt, duties, and problems in a business.
17. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A market structure in which a few large firms sell similar products.
18. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A good consumers purchase less of as their income increases.
19. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A good or service purchased as a replacement for another good or service.
20. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_A market structure in which many companies sell similar products.