

Name: _____

Economics Glossary – Student Worksheet

Directions: Complete the “Examples from The Lorax” boxes that are empty by using the definition to write an example from the movie.

Economic Concept	What is it? (definition)	Example from The Lorax
asset	Any item possessing value owned by an individual, business, or government.	
capital	As a factor of production the term refers not just to money, but all types of property, such as machinery and tools, used in producing a good or service	<i>Ax, factory, investments</i>
Capitalism	a way of organizing an economy so that the things that are used to make and transport products (such as land, oil, factories, ships, etc.) are owned by individual people and companies rather than by the government	<i>Businesses in Thneedville were owned by individual people like the Once-ler and Mr. O'hare</i>
commodity	an item that is bought and sold in trade or commerce	<i>Thneeds, bottled air</i>
commerce	buying and selling of goods (products) especially on a large scale and between different places	<i>When the stores from Thneedville bought Thneeds from the Once-ler's Thneed factory in order sell them to customers</i>
consumers	a person who purchases or acquires goods and services to meet his or her personal needs	<i>The people who bought a thneed for a butterfly net or an exercise belt</i>
consumer tastes	A factor shaping demand. As consumers' tastes change, for example in fashion, demand is affected.	<i>When the people living in Thneedville started liking the look of the Thneed hat on the first woman who wore one, they all began wanting a thneed.</i>
Competition	Rivalry in which every seller competes with other sellers for sales and profits. Every seller tries to offer the best practicable combination of price, quality, and service for the product. Competition balances supply and demand.	<i>If someone else moved to town and started making thneeds</i>

Corporation	a large business or organization that under the law has the rights and duties of an individual and follows a specific purpose	<i>The businesses of the Once-ler and Mr. O'hare have rights and duties of an individual.</i>
Corporate greed	Excessive desire, especially for wealth, possessions, or profits. Wasteful spending and hoarding by decision-makers in large businesses: Examples -- huge salaries, bad investments, long vacations, perks, tax evasion, and huge bonuses.	<i>The huge salary of the Once-ler and Mr. O'hare</i>
Corporate social responsibility	A philosophy that believes businesses have responsibilities to all stakeholders, including suppliers, customers, and employees as well as local and international communities in which it operates and the natural environment. There are few accepted standards and practices so far, but a growing concern that the actions organizations take have no unintended consequences outside the business.	
Debt	A sum of money that is owed or due to be paid because of an express agreement; a specified sum of money that one person is obligated (required) to pay and that another has the legal right to collect or receive.	
demand	The amount of a good or service that people are willing and able to buy at a specified price	<i>The number of threads people were willing to buy at the price in the stores</i>
economics	A social science that studies how individuals, governments, businesses and nations make choices on distributing scarce resources to satisfy their unlimited wants.	<i>The way businesses, governments, people, etc used the truffala trees, water, rivers, etc to try and satisfy their desire for threads</i>
Efficiency	In economics, the term economic efficiency refers to the use of resources so as to maximize the production of goods and services	

entrepreneurship	One of the human inputs in the production process. The term refers to the creativity and initiative involved in starting a business or developing new production or distribution processes	<i>When the Once-ler designed and then knitted a thneed, and then designed and built a new thneed factory</i>
Factors of Production	All of the resources used to produce goods and services—land, labor, capital, technology, and entrepreneurship	<i>The truffala tree forest, rivers, the Once-ler and his family's work, axes and factories that produced thneeds, the chopper the Once-ler, invented, and the Once-ler's thneed and factory design and advertising</i>
Fair trade	A movement which strives for fair treatment for farmers or workers. In a fair trade agreement, farmers and workers, who in other situations might be taken advantage of, will negotiate with the buyers in order to receive a fair price for their products. Farmers who engage in fair trade also aim to pay their workers a fair price, and engage in environmentally-friendly practices.	
Free enterprise	Business governed by the market forces of supply and demand, unrestrained by government interference through regulations. In general, a synonym for capitalism.	
Genuine Product Indicator	An alternative to the GDP attempt to measure economic transactions in terms of human values rather than just monetary ones. GPI works by subtracting the monetary cost of actions that damage our well-being (such as water and air pollution) and adding monetary values to actions that improve our well-being.	
Gross Domestic Product	Value of a country's overall output of goods and services (typically during one year).	

Human capital	<p>The total knowledge, experience, "good will," ideas, and labor available to an organization or society from its human population.</p>	
Income inequality	<p>The unequal distribution of income that exists between the people in an economy. Income inequality is often presented as the percentage of income to a percentage of population. For example, a statistic may indicate that 70% of a country's income is controlled by 20% of that country's residents. It is often associated with the idea of income "fairness". It is generally considered "unfair" if the rich have a much larger portion of a country's income.</p>	
labor	<p>As a factor of production this term refer to the work or human effort invested in the production of a good or service</p>	<p><i>When the Once-ler went out day after day to try and convince people to buy a threads</i></p>
land	<p>As factor of production this term refers to all natural resources, such as water, game, timber, and minerals.ju</p>	<p><i>Naturally growing forests of truffala trees</i></p>
natural resources	<p>A material source of wealth, such as timber, fresh water, or a mineral deposit, that occurs in a natural state and has economic value</p>	<p><i>The truffala tree forest, the rivers, all used to make a thread from the truffala trees</i></p>
opportunity cost	<p>The value of the thing sacrificed in making an economic choice. When a resource is spent in a particular way, the opportunity cost is the next best alternative for that spent resource.</p>	
Outsourcing	<p>A practice used by different companies to reduce costs by transferring portions of work to outside suppliers (often in foreign countries) rather than completing that work within the company (and in the country).</p>	

Production	production is the act of creating output, a good or service which has value and satisfies a demand of individuals	<i>Mr. O'hare making bottled air, the Once-ler making thneads</i>
Productivity	An economic measure of output per unit of input. When a company's output (income, products) is of much greater value than the company's inputs (costs of labor and capital), then the company is showing great productivity.	<i>The amount of money the Once-ler earned from selling thneads was much more than the cost it took him to produce thneads</i>
profit	The earnings from an investment or business after subtracting expenses and costs.	<i>The money the Once-ler earned AFTER he paid his workers, all of his bills, all thnead shipping costs</i>
Profit motive	When an individual or business's intention is to gain money in a transaction. Profit motive is often believed to be the underlying reason why people and companies participate in business.	<i>Mr. O'hare and the Once-ler started their businesses to get rich</i>
Regulation	In business, a rule or law enforced (usually by government) meant to control, direct, or manage a company's activity for the good of the public or society. Ex: food safety laws, environmental regulations.	<i>If the government of Thneadvile made a law that forced the Once-ler's factory to stop polluting the air and water</i>
scarcity	A fundamental economic concept asserting that as there will never be enough resources to meet the unlimited wants and needs of individuals and societies. Economics is the largely the study of how we deal with scarcity.	<i>There weren't enough truffala trees, clean air, or clean water to make sure that everyone in Thneadvile had all the thneads they needed and wanted</i>
Social economy	The social economy is the economic activity in a society that is aimed at addressing the social needs of the members of that society. It is economic activity which has a positive impact on peoples' lives and on society.	
Socialism	a way of organizing a society in which major industries are owned and controlled by the government rather than by individual people and companies	

Stakeholder	a person or business that has invested money, time, talent, etc. in something (such as a company)	<i>The people who invested money, time, talent, etc in the Once-ler's and Mr. O'hare's businesses.</i>
substitution goods	Goods that satisfy the same need as another good, such as Pepsi and Coke. When the price of one changes, demand for the other is affected.	
supply	This fundamental economic concept that describes the total amount of a specific good or service that is available to consumers.	<i>The total amount of thneads the people in Thneadville could buy</i>
supply and demand	In classical economic theory, the relation between supply and demand determines the price of a commodity. As demand for an item increases, prices rise. When manufacturers respond to the price increase by producing a larger supply of that item, this increases competition and drives the price down.	<i>When many people wanted a thnead the price for the thnead went up. When the Once-ler started making more thneads the price went down.</i>
technology	As a factor of production the term refers to the body of knowledge or science that informs or improves a production process	<i>The machines and inventions that existed, or that the Once-ler invented, which allowed thneads to be produced more and more quickly</i>
tradeoff	The sacrifice necessary in every economic decision. In every use of resources, another use for those resources is sacrificed	
Unintended consequences	Outcomes that are not the ones intended by an action. Unintended consequences can be positive or negative.	<i>Polluted water and polluted air</i>