



Vocabulary List

AS91226 Analyse statistical data relating to two contemporary economic issues (version 2)

Term	Definition
absolute poverty	Absolute poverty is the situation where household income is below the level necessary to maintain basic living standards of food, safe drinking water, sanitation, health, shelter, education, and information. It is a universal baseline that enables international comparisons.
aggregate demand	Aggregate demand is the total demand for all goods and services within a country.
aggregate supply	Aggregate supply is the total supply of all goods and services within a country.
circular flow model	The circular flow model is an economic model that shows the major flows of money, goods and services and resources, between sectors of a country's economy.
factors of production	The factors of production are the resources that are available to us that are used in the production of goods and services. These are commonly referred to as land, capital, labour, and entrepreneurship.



Gini coefficient	<p>The Gini coefficient is a numerical measure of the distribution of income across the population of a country. The coefficient ranges from 0 (perfect equality) to 1 (perfect inequality). Most countries lie within the 0.25 to 0.55 range. In 2014 New Zealand had a Gini Coefficient of 0.333 which was higher than the OECD average of 0.318.</p>
greenhouse gases	<p>Greenhouse gases absorb or emit infrared radiation in the wavelength range emitted by the Earth. These gases trap the Sun's heat making the Earth's atmosphere warmer. Greenhouse gases include water vapour, carbon dioxide, methane, nitrous oxide, ozone, chlorofluorocarbons, and hydrofluorocarbons. Greenhouse gas emissions have increased significantly with increased human activity and production since the beginning of the Industrial Revolution around 1750.</p>
Lorenz curve	<p>The Lorenz curve is an economic model that gives a representation of the distribution of income (or wealth) within society. It plots cumulative income (or wealth) against cumulative percentage of households.</p>
poverty cycle (trap)	<p>The poverty cycle (trap) is an economic model that shows how poverty persists. It highlights the self-reinforcing mechanism that makes it difficult for people to escape from poverty.</p>
production	<p>Production is the process undertaken by businesses or governments to combine resources (inputs) to create goods and services (output) for consumers. It is also the value of the output produced by the process.</p>
production possibility frontier	<p>The production possibility frontier is an economic model that shows the maximum possible output combinations of two goods and/or services that an economy can produce when resources and technology are limited and fully employed (there are no unemployed resources).</p>



productivity	Productivity is the ratio between output volume and input volume. A measure of the output per unit of input.
relative poverty	Relative poverty is the situation where household income is below a set percentage of the national median household income. The threshold is usually set at 50%. The specific threshold amount changes between countries and over time.
resources	Resources are the things that are available to us that could be used in the production of goods and services. These are commonly referred to as natural, man-made and human.
wealth	Wealth is the value of all the assets owned by a person or society.
wholesale interest rates	Wholesale interest rates are interest rates that are related to The Reserve Bank of New Zealand official cash rate (OCR), overnight interbank cash rate, bank bill yields, and government bond yields.