[Glossary]

Edgeworth Box

Subject:	Business Economics
Course:	B. A. (Hons.), 2nd Semester, Undergraduate
Paper No. & Title:	Paper – 201 Microeconomics-II
Unit No. & Title:	Unit – 3 General Equilibrium
Lecture No. & Title:	Lecture – 1 Edgeworth Box

Glossary

Equilibrium Price: The price at which the quantity demanded by buyers equals the quantity supplied by sellers; also called the market-clearing price.

Equilibrium Quantity: The quantity demanded and quantity supplied at the equilibrium or market-clearing price.

Exchange: Trading a good or service for another good or service, or for money

Externalities: Economic side-effects or third-party effects, in which some of the benefits or costs associated with the production or consumption of a product affect someone other than the direct producer or consumer of the product. Can be positive or negative.

Price Taker: A firm that is unable to set a price that differs from the market price without losing profit; a firm in a perfectly competitive industry.

Producers: People and firms that use resources to make goods and services.

Product: A good or service that can be used to satisfy a want.

Production Possibilities Frontier: A table or graph that shows the full employment capacity of an economy in the form of possible combinations of two goods, or two bundles of goods, that could be produced with a given amount of productive resources and level of technology.

Production: A process of manufacturing, growing, designing, or otherwise using productive resources to create goods or services used to satisfy a want.

Relative Price: The price of one good in relation to the price of another good; a measure of opportunity costs and therefore the price that affects economic decision making.