

**Explanation of some of the terminology in
Mankiw's *Principles of Microeconomics*, 2nd ed.
compiled by Bruce Brown**

Some of the words and expressions used in the text may be difficult to understand, even after looking them up in a dictionary. Below are alternate definitions for the expressions, as they are used in the textbook. Some explanations of general context are also provided.

Preface to the Student (just before the table of contents)

embark on - begin
spark your curiosity - make you curious
living standards so meager in - people poor in
astute - better informed and smarter
“sitting in the Oval Office” - you might be the U.S. president (the Oval Office is in the White House)

Chapter 1 - Ten Principles of Economics:

- caviar - an expensive food eaten by some rich people (sturgeon fish eggs)
- the multitude of buyers and sellers - the many buyers and sellers
- facets - aspects
- adage - a “saying,” like a proverb
- the “economic pie” analogy:

Deciding how much of society's wealth a particular individual will receive is like deciding how big a slice of a pie they will get. Note that the overall size of the economic “pie” is influenced by how it is “sliced up.” (some argue that if the proportion of the pie individuals receive is unrelated to how hard they work, then no one will work hard and the size of the pie would shrink; such people believe a tradeoff exists between equality and efficiency). Economists generally assume that a “bigger pie” is better.

- room and board - basic cost of living; includes rent and food costs
- to “fly standby” - to arrive at the airport without a ticket and wait for an airline to sell tickets for seats on a flight with extra seats still vacant just before that plane leaves. Although the price is lower, the passenger may have to wait a long, variable, and unknown amount of time.
- (note) Many economists really do assume people are being rational when they decide how fast to drive. An alternate explanation (not usually made by economists) would be that reckless drivers are irrational. Some aspects of human behavior are difficult to explain as the result of rational behavior, but economists typically maintain this assumption of rationality as long as it is not clearly incompatible with observed facts.
- jeopardy - danger
- idle speculation - illogical thinking not based on facts
- “invisible hand” that leads them to desirable outcomes:

Adam Smith's invisible hand causes selfish people, when interacting in markets with well defined property rights objectively enforced by a government, to benefit not only themselves but others as well. That is, in a well functioning market economy, selfish people do

things that benefit others (even though they are not trying to benefit others).

- unduly influence prices - to move prices away from those that would exist in a free competitive market.
- staggering - surprising (makes you so surprised that you can not walk straight).
- to credit labor unions or minimum wage laws for the rise in living standards: To say that labor unions and/or high minimum wages set by government were the reason for the high and increasing wages of workers.
- hero of American workers - the factor that caused increasing wages
- real villain - reason for slower growth in wages
- flagging productivity growth - falling rate of productivity growth
- profound - important
- key question - most important question
- boost living standards - increase wealth and income of people
- adverse impact - harmful impact
- much as a student might - in the same way that a student might
- lower investment means... - lower investment will cause (or is associated with) ...
- “public enemy number one” - the criminal that police most want to capture; in this context, the worst problem facing society
- culprit - reason
- sticky ... prices - prices that don't quickly move to their theoretical equilibrium values
- taste of what economics is about - general introduction to what economics is about

Chapter 2 - Thinking Like an Economist:

- arcane - overly technical and difficult to understand.

It's ironic that the author used this term at this point in the text. It reminds me of a “bumper sticker” (on the back of a car, where some people like to make political and/or humorous statements) which stated “eschew obfuscation.” If you get the joke, you have an excellent understanding of the English language.

- looking at society through the eyes of a scientist - observing society (and the social and economic interactions within it) as a disinterested, scientific, outsider rather than as a member/participant
- oil prices skyrocket - oil prices increase by a large amount in a short period of time
- focus our thinking - make the problem simpler by directing attention to only very important things
- newsstand prices - prices charged at kiosks (newsstands) in contrast to subscription prices which may change more frequently
- stylized - created to place particular emphasis on certain things (and so unrealistic)
- dispenses with - leaves out, omits.
- production possibilities frontier - another term for the production possibilities curve, PPC

- (NOTE) - I personally dislike the choice of computers and autos for the PPF. For these two goods, technology is of particular importance, more important than even the level of resources of an economy such as land and labor. Also, these industries are often used when explaining economies of scale for a single firm, whereby per unit costs fall as output of the firm increases. When we look at the PPF we are holding technology constant, and focusing on the idea that resources in an economy may differ in their ability to produce different goods.

IF we allowed technology to change as we moved along the PPF (change "endogenously," within our model) and allowed a whole economy to get better at producing a good as they produce more and more of it; THEN the PPF may have a "bowed inward" or convex shape rather than the standard "bowed outward" concave shape. Altering the basic PPF model to allow for this situation creates confusion about what is, and what is not being held constant during a particular thought experiment - So we will NOT make the assumptions that would imply a "convex PPF" (Note the text assumes a concave PPF)

- compulsory school attendance - government forcing students to attend school
- intertwined - interrelated, related to each other in a way that makes it impossible to separate them
- Polly and Norma - two (rather unusual) names of people who make the different statements (Polly for Positive, and Norma for Normative)
- on the other hand... - but we must also consider... said by economists giving different options; not taking a clear position favoring one position over another
- receives input - receives advice and analysis
- quasi-governmental - related to government, but not officially a part. For example, the central bank of the U.S., the Federal Reserve is a "quasi governmental organization." It was created by the U.S. government, could be eliminated by government, has certain positions filled by government appointment, but is not officially part of the U.S. government.
- hunches - beliefs in what is true that are not based on specific formal analysis; "educated guesses"
- parameter - important factors determined outside of a model. For example, two economists may believe people will work more if their wages are higher, but one economist may think the increase in hours worked from a given increase in wages will be small, while the other economist may think it will be large. These two economists believe in including work response as a parameter, but disagree about the importance of this parameter.

- Fad diet:
a pattern of food consumption that some people (charlatans or cranks) promote as a way to lose weight while still eating a lot, but which scientific analysis shows is not effective. Generally a fad may be something which is fashionable for a short period of time, but which will usually soon become unfashionable. Clothing and styles of personal grooming are particularly susceptible to "fads"

- Charlatan or Crank:

In the past in the U.S. traveling salesman would create "medicines" which they would claim could cure any illness, or generally give any result that the potential buyer would desire. People selling these medicines, which were actually not effective, could be called charlatans (or "snake oil salesman"). Their success depended upon their ability to fool or trick ignorant and unsophisticated potential buyers. A crazy salesman that truly believed their medicine would work could be called a "crank."

- gain the limelight - to get a great deal of attention
- voodoo - a mystical religion found in the Caribbean Islands that seems illogical to non-believers; it involves the use of "magic spells" and "curses."

Chapter 3 - Interdependence and the Gains from Trade

- no all it's cracked up to be - not good (not as good as one might have previously expected)
- proposed deal - proposed exchange (or trade)
- the moral of the story - the main point of the story which can be applied to other situations
- fanciful - far removed from the real world which you experience
- NOTE - "comparative advantage" is only one of several reasons that individuals or countries may gain from trade. Simple notions of comparative advantage have difficulty explaining the high volume of trade between similar countries and the large amount of intra-industry trade (e.g., a country simultaneously exporting and importing automobiles to another country).

Chapter 4 - The Market Forces of Supply and Demand

- cold snap - period of cold weather (which reduces the amount of oranges that will grow)
- plummets - falls rapidly
- war breaks out - war starts

In the News: "Pulp Reality:" (this is a joke, referring to the term "Pulp Fiction")

- all today are ringing in at ___ - can be measured as ___
- The mills - the paper factories (paper mills)
- next six quarters - next year and a half (economists often measure time in "quarters" of a year)
- must speak up - ask
- trimming features - reducing the amount of special stories (to reduce the paper in one copy)
- slump - economic bad times
- bills to pay on new machines - with machines were purchased on credit and still must be paid for
- glut - oversupply which reduces prices and increases inventories

Chapter 5 - Elasticity and Its Application

- monitor - watch carefully
- agronomy - the science of farm management
- intrinsic properties - the true and unchangeable characteristics
- avid - enthusiastic and dedicated

In the News - On the Road with Elasticity:

- discern - learn or find out
- magic point - just the price that will maximize profit
- much heralded - widely publicized and anticipated
- shave - reduce
- drug interdiction - stopping drug smugglers from bringing drugs into the country
- wheat hybrid - type of wheat
- gas guzzling cars - cars which use a great deal of gasoline, ones which are not "fuel efficient"
- quip - short humorous statement, like a joke

Chapter 6 - Supply, Demand, and Government Policies

- dictate - determine (or "set")
- cutthroat competition - very intense competition, causing prices to fall and sellers to earn very small (or negative) profits
- under the table payment to building superintendents - a secret payment made to the person who can determine which potential renter will get a vacant apartment (the landlord or supervisor).
- bribe - a specific type of an under-the-table payment, usually to receive special treatment or favors
- median family income - the income such that half of the families earn more and the other half earn less (note this is not the same as mean (average) income.
- poorly targeted policy - a policy that does not help those it was intended to help (those who were the "target" of the "help")

Chapter 7 - Consumers, Producers, and the Efficiency of Markets

- Thanksgiving - a holiday when people traditionally eat Turkey for dinner
- out-of-pocket expenses - explicit costs as opposed to implicit costs like value of one's time

In The News - Ticket Scalping:

- Ticket Scalping - reselling tickets previously purchased, usually at price which differs from the official price
- busted - arrested by the police
- cops - police
- cracking down on street scalpers - arresting or otherwise stopping individuals from reselling tickets outside sports events, concerts, etc.
- marked up prices - prices higher than the official price they were originally sold at

Chapter 8 - Application: the Costs of Taxation

In the News - Should Ukraine Cut Tax Rates to Raise Tax Revenue?:

- slashing taxes - reducing taxes a large amount
- deficit-wary electorate - voters who were worried about the Federal fiscal budget deficit

- run a long gauntlet - go down a difficult path, accomplish something difficult to do
- heavy-handed regulations - severe regulations that are difficult to comply with
- very sticky palms - greedy (government officials) who must be bribed
- stripped of guaranteed markets - the previously guaranteed buyers would no longer buy products
- headed - was the leader of
- begets - causes
- weighed down - burdened by
- apparatchiks - people who were part of the communist power structure in the past
- saddled - burdened
- sweeping cuts in taxation - broad based, large, tax cuts
- obliged - required
- paper-pushers - government officials who enforce regulations and laws

Chapter 9 - Application: International Trade

- "Autarka" comes from "autarky" = a situation with no international trade
- key industries - important industries

In The News - NAFTA and Mexican Tomatoes:

- NAFTA - "North American Free Trade Agreement" which reduces trade barriers (tariffs and quotas) between Mexico, U.S. and Canada
- defusing - reducing the (political) danger of
- hotly contested state - a state in which the Republicans and Democrats have an almost equal amount of support, so in which either could win, and so in which they campaign especially vigorously
- conduit for drugs - a path or "pipeline" for transporting drugs
- living up to the spirit of - complying with elements of the agreement that could not be clearly specified
- architect of these deals - the person who "constructed" or created these deals
- attuned to - informed about
- unilateral approach - make decisions by themselves
- multilateral approach - make decisions in agreement with others

In the News - A Chicken Invasion:

- Nyet - no in Russian
- Cry Foul - to complain that something is unfair (this is a joke - a "play on" the word foul which sounds like fowl, meaning birds like chicken)
- nasty little skirmish - unpleasant conflict
- brewing - in the process of being created
- ostensible reason - the officially stated, but not true, reason
- demise - end

Chapter 10 - Externalities

- parties - agents, individuals or groups that enter into an agreement (legal term)
- "tongue-in-cheek" - jokingly told with a straight face
- Mum's the word - keep quiet

Chapter 11 - Public Goods and Common Resources

- fight poverty - help poor people become wealthier
- "tongue-in-cheek" - joke, told with a straight face

Chapter 12 - The Design of the Tax System

- amended - changed

Chapter 13 - The Costs of Production

- altruistic desire - a desire to help others, not oneself
- keeping track of - measuring and recording
- banjo - a musical instrument similar to a guitar

Chapter 14 - Firms in Competitive Markets

- keep matters concrete - make the argument clearer
- in essence - basically, in summary
- FYI - abbreviation for "For Your Information"

Chapter 15 - Monopoly

- key - important
- decry - criticize
- bigger slice - larger proportion of the benefits

In the News - Boeing's Market Power:

- scrutinizing - looking carefully at
- consortium - a company made up of other companies interconnected by specific legally binding agreements

In the News - The Future of Electricity:

- unfettering - releasing from constraints
- ferment - confusing and chaotic activity
- gobbled up - took over ownership of
- hot political issue - important political issue receiving a lot of attention
- tiers - levels
- spot market - a very short term market where goods (like electricity) are sold without long term contracts or commitments
- feverish fight - an intense and perhaps long conflict
- glimpse of - a short look at
- pilot program - temporary experimental program
- warm a capitalist's heart - make a capitalist (who prefers power to be in the hands of those who can use markets to their advantage) happy
- bombarding... with advertising - advertising a lot in a way that may annoy consumers
- up the ante - increase the amount that is being gambled for ("increase the stakes")
- moral of the story - the main thing to be learned from the example

In the News - Competing to be a Monopolist

- bound to supplant - likely to replace
- sanguine - optimistic
- keep...in line - to control the behavior of
- evil entities - the people or groups who are wrong or doing the wrong thing

Chapter 16 - Oligopoly

- answer is debatable - the answer is not clear

In the News - Squabbling in OPEC

- squabbling - disagreement and arguing
- appeared paralyzed - seemed unable to take action

- stymied - were stopped, thwarted
- vowed - said it would
- bonanza - beneficial outcome

In the News - Modern Pirates

- Break Ranks - stop behaving as a coordinated group
- lemming effect - lemmings are small animals which periodically seem to go crazy and jump into ocean in groups and kill themselves.
- renegade - undisciplined rebels who do not follow the rules of the group.
- hard to hold the line - difficult to maintain high prices, when other shippers are cutting their prices

Chapter 17 - Monopolistic Competition

- attributes - characteristics
- impedes - restricts, hinders, or makes more difficult...
- fosters - encourages, makes easier...

In the News - TV Networks as Brand Names

- marketing blitz - a large amount of advertising taking place in a short period of time (blitz is from blitzkrieg - German for "lightening war" - the method of sudden attack with rapid forward movement without taking time to protect the attacking forces sides or "flanks")
- inundating - to have so many advertisements so that viewers feel as if they are "drowning" in ads and can not escape them.
- barrage - another sudden military attack, this time by cannons or rockets being shot through the air.
- Madison Avenue - the area of New York city where advertising agencies tend to be located
- burnish - to polish something and make it shine (perhaps to make something old seem new and beautiful)
- "Prime-time" - time in the early evening when the number of TV viewers is the greatest (or "high quality" - "good enough for prime-time")
- swamped - the viewers feel as if they are stuck in a "swamp" of advertising which they can not escape
- torrent of teasing - lots of advertisements ("ads") raining down on the viewers
- sassy - lively, youthful, and irreverent
- hybrid - here it means "combination"