GLOBALIZATION: The generalized expansion of international economic activity which includes increased international trade, growth of international investment (foreign investment) and international migration, and increased proliferation of technology among countries. Globalization is the increasing world-wide integration of markets for goods, services, labor, and capital. It is an ongoing process that started several centuries ago. However, most people would agree that today we are in a period of rapid globalization as international economic activity has accelerated in the last 200 years or so.
SPECIALIZATION: The condition in which resources are primarily devoted to specific tasks. This is one of THE most important and most fundamental notions in the study of economics. Civilized human beings have long recognized that limited resources can be more effectively used in the production the goods and services that satisfy unlimited wants and needs if those resources specialize. For example, three ice cream parlor workers, can be, in total, more productive if one runs the cash register, another scoops the ice cream, and a third adds the hot fudge topping. By devoting their energies to learning how to do their respective tasks really, really well, these three workers can produce more hot fudge sundaes than if each performed all required tasks.

Trade – exchange of goods and services

EXPORTS: The sale of goods to a foreign country. The United States, for example, sells a lot of the stuff produced within our boundaries to other countries, including wheat, beef, cars, furniture, and, well, almost every variety of product you care to name. In general, domestic producers (and their workers) are elated with the prospect of selling their goods to foreign countries--leading to more buyers, a higher price, and more profit. The higher price, however, is bad for domestic consumers. In that domestic consumers tend to have far less political clout than producers, very few criticisms of exports can be heard. On the positive side, though, exports do tend to add to the multiplicative, cumulatively reinforcing expansion of production and income (that is, the multiplier).
IMPORTS: Goods and services produced by the foreign sector and purchased by the domestic economy. In other words, imports are goods purchased from other countries. The United States, for example, buys a lot of the stuff produced within the boundaries of other countries, including bananas, coffee, cars, chocolate, computers, and, well, a lot of other products. Imports, together with exports, are the essence of foreign trade--goods and services that are traded among the citizens of different nations. Imports and exports are frequently combined into a single term, net exports (exports minus imports).
SUBSIDY: A payment from government to individuals or businesses without any expectations of production. The best way of thinking about a subsidy is as a negative tax. Government extends subsidies for many different reasons. They go to students, unemployed workers, the poor, farmers, wealthy friends of political leaders, businesses trying to fend off foreign competitors, and the list could go on. Subsidies are frequently used to redirect resources from one good to another. Sometimes this is justified on efficiency grounds and other times it's just the result of political power.
WTO: The abbreviation for World Trade Organization, which is an international organization that oversees multilateral trade among nations. The WTO was established in 1995 by the Uruguay round of trade negotiations to replace the General Agreement on Tariffs and Trade (GATT) that had been in place for the preceding five decades. The WTO administers multilateral trade agreements, provides a forum for trade negotiations, handles trade disputes, monitors national trade policies, and provides technical assistance and training for developing countries. The WTO has about 150 member countries.
MULTILATERAL: An action, often used in terms of an international trade agreement, that's extended to more than two parties. As such, a multilateral trade agreement is between several countries. For example, the United States might enter into a multilateral agreement with every country in North and South America that reduces trade barriers on the exports and imports of food products. The

General Agreement on Tariffs and Trade is one of the more well known examples of a multilateral trade agreement.

BILATERAL: An action, often used in terms of an international trade agreement that mutually affects two parties. As such, a bilateral trade agreement is one negotiated by two countries. For example, the United States might enter into a bilateral agreement with Germany over car sales, such that each agrees to restrict the number of imports from the other. Compare multilateral, unilateral.

Regional – a group of countries in a specific geographical area that have things in common

MULTINATIONAL COMPANY: A business that operates in two or more countries. With increased foreign trade, many businesses in the United States, as well as other nations, have found it worthwhile to open offices, branch plants, distribution centres, etc., around the globe. Almost all of the "big boys," like General Motors, Sony, IBM, British Petroleum, Mitsubishi, and Exxon, are multinational companies. As multinational companies grow bigger and extend their operations world-wide, some people feel that they lose their sense of country loyalty or national identity.

SMALL BUSINESS: The businesses in our economy that individually produce very little output, have little or no market control, but collectively produce about half of our total production. Most small business owners may aspire to the ranks of the second estate, but they're card-carrying members of the third.

GDP: The total market value of all goods and services produced within the political boundaries of an economy during a given period of time, usually one year. This is the government's official measure of how much output our economy produces. It's tabulated and reported by the National Income and Product Accounts maintained by the Bureau of Economic Analysis, which is part of the U. S. Department of Commerce. Gross domestic product is one of several measures reported regularly (every three months) by the pointy-headed folks at the Bureau of Economic Analysis.

FOREIGN EXCHANGE: Any financial instrument that gives one country a claim on the currency of another country and which is used to make payments between countries. The most important type of foreign exchange is currency itself, that is, the currency of other countries. However foreign exchange also includes things like bank checks and "bills of exchange" (a sort of contract that's paid for with the currency of one nation that can be then traded for the currency of another country).

FDI: The abbreviation for Foreign Direct Investment, this is the acquisition of controlling interest in foreign firms and businesses from one country in another country. FDI can also take the form of constructing factories, structures and equipment (or any form of physical capital) in foreign soil. FDI does not include foreign investment into the stock markets (portfolio investment). Most economists consider foreign direct investment more useful than portfolio investment since this last one is generally regarded as temporal and can leave the foreign country at the first sign of trouble. FDI on the other hand, is considered more durable and with larger economic (potential) benefits.

DERIVATION, PRODUCTION POSSIBILITIES CURVE: A production possibilities curve, which illustrates the alternative combinations of two goods that an economy can produce with given resources and technology, is often derived from a production possibilities schedule. This derivation involves plotting each bundle from the production possibilities schedule as a point in a diagram measuring the two goods on the vertical and horizontal axes.

Merchandise – the goods which are produced and then traded with others

COMMODITY MONEY: A medium of exchange (money) with both value in use and value in exchange. Commodity money is first and foremost a commodity that provides users with satisfaction of their wants and needs. However, it also has the secondary function of a medium of exchange.

SERVICES: Activities that provide direct satisfaction of wants and needs without the production of tangible products or goods. Examples include information, entertainment, and education. This term service should be contrasted with the term good, which involves the satisfaction of wants and needs with tangible items. You're likely to see the plural combination of these two into a single phrase, "goods and services," to indicate the wide assortment of economic production from the economy's scarce resources.

RESOURCE: The labor, capital, land, and entrepreneurship used by society to produce consumer satisfying goods and services. Land provides the basic raw materials--vegetation, animals, minerals, fossil fuels--that are inputs into the production of goods (natural resources). Labor is the resource that does the "hands on" work of transforming raw materials into goods. Capital is the comprehensive term for the vast array of tools, equipment, buildings, and vehicles used in production. Entrepreneurship is the resource that undertakes the risk of bringing the other resources together and initiating the production process.

Manufactures: the process of producing goods for trading

Niche market: a market where a product is specifically aimed at a particular group

SUPPLY: The willingness and ability to sell a range of quantities of a good at a range of prices, during a given time period. Supply is one half of the market exchange process; the other is demand. This supply side of the market is directly connected to the limited resources dimension of the scarcity problem. Folks who have ownership and control over resources (labor, capital, land, and entrepreneurship) use them to produce the goods and services that satisfy other's wants and needs. Ownership and control of resources is the ultimate source of supply.

E-business: the digitalisation of businesses to the internet with online trading

MACROECONOMICS: The branch of economics that studies the entire economy, especially such topics as aggregate production, unemployment, inflation, and business cycles. It can be thought of as the study of the economic forest, as compared to microeconomics, which is study of the economic trees.

MICROECONOMICS: The branch of economics that studies the parts of the economy, especially such topics as markets, prices, industries, demand, and supply. It can be thought of as the study of the economic trees, as compared to macroeconomics, which is study of the entire economic forest.

Subsidiary company: a company whose controlling interest is owned by another company

Management Contract: An arrangement under which operational control of an enterprise is vested by contract in a separate enterprise which performs the necessary managerial functions in return for a fee.

License: a fee or royalty paid for the use of another’s invention

Franchise: an alternative to building chain stores, but uses the company name and business model for a fee

PARTNERSHIP: One of the three basic forms of business organization (the other two are corporation and proprietorship). A partnership is a business that's owned and operated more or less equally by two or more people. The owners and the business are legally considered one and the same. As such, each owner has unlimited liability, which means that an owner is held personally responsible for any and all of the business's debts, including those made by a partner.