

The
Economist
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DICTIONARY
of
ECONOMICS

DICTIONARY *of* ECONOMICS

Graham Bannock

R.E. Baxter

Evan Davis

The
Economist
Books

Hutchinson

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Foreword

'... no dictionary of a living tongue can ever be perfect, since while it is hastening to publication, some words are budding, and some falling away'

— SAMUEL JOHNSON, *The Dictionary of English* (1755)

'In the case of economics there are no important propositions that cannot, in fact, be stated in plain language'

— J. K. GALBRAITH, *Annals of an Abiding Liberal* (1979)

For this fourth edition the dictionary has been comprehensively revised, extended and reset. The extent of these changes is much greater than in earlier editions. All the entries on economic theory and most of those on applied economics and statistics have been completely rewritten and few of the other entries have escaped change. Many new entries have been added and some deleted.

Both the intended readership and the scope and method of the book are unaltered. The dictionary is planned as a companion to two kinds of users of economics. First, for the general reader who wants to follow economic discussion in the press or elsewhere and for the increasing number of people who need some knowledge of economics in their daily work, in teaching, business, the civil service, representative bodies and the professions. Secondly, it is aimed at students, especially those up to the second-year university courses in the subject, but also others, for example those at business schools for whom economics is part of the curriculum.

Our distinctive approach remains unique. This approach consists of a micro-encyclopedic treatment with extensive cross-referencing, up-to-date institutional material and a level of exposition that attempts to combine a reasonable degree of academic rigour with brevity and practical relevance.

Our subject is large and growing continuously and we have had to be highly selective. Words in common usage are not normally included unless they have a specialized meaning in economics. Economic theory, including international, monetary and welfare economics, has been treated fairly comprehensively. We have also given considerable emphasis to the history of economics in keeping with our view of the subject as a developing one. Individual economists are included only where they have made an important and definable contribution to the body of economic thought as it exists today. We have been particularly sparing in our inclusion of contemporary economists, so that many distinguished living members of the profession are left out. We have tried to include all the key terms used by econometricians and statisticians that are in general use. Our treatment of financial and business economics, public finance, international trade

Foreword

and development and payments has been more selective still but, institutions apart, we hope that nothing important has been omitted.

We have been helped and encouraged by the response we have received from our readers. We hope that they will continue to point out to us any errors or omissions.

G.B.
R.E.B.
E.D.

List of Abbreviations

A.C.C.	Agricultural Credit Corporation
A.C.T.	Advance corporation tax
A.D.B.	African Development Bank; Asian Development Bank
A.I.B.D.	Association of International Bond Dealers
A.M.C.	Agricultural Mortgage Corporation
A.P.C.	Average propensity to consume
A.P.S.	Average propensity to save
A.S.E.A.N.	Association of South East Asian Nations
A.S.P.	American selling price
B.I.S.	Bank for International Settlements
B.O.T.B.	British Overseas Trade Board
B.S.O.	Business Statistics Office
C.A.P.	Common agricultural policy
C.C.A.	Current-cost accounting
C.C.C.	Competition and credit control
C.D.	Certificate of deposit
C.D.B.	Caribbean Development Bank
C.D.C.	Commonwealth Development Corporation
C.I.C.	Capital Issues Committee
c.i.f.	Cost, insurance, freight
C.S.D.	Civil Service Department
C.S.O.	Central Statistical Office
C.T.T.	Capital transfer tax
D.C.E.	Domestic credit expansion
d.c.f.	Discounted cash flow
D.N.S.	Department for National Savings
E.C.A.	Economic Cooperation Administration
E.C.G.D.	Export Credits Guarantee Department
E.C.I.	Equity Capital for Industry
E.C.O.W.A.S.	Economic Community of West African States
E.C.S.C.	European Coal and Steel Community
E.D.C.	Economic Development Committee
E.D.F.	European Development Fund
E.E.C.	European Economic Community
E.F.T.A.	European Free Trade Association
E.I.B.	European Investment Bank
E.M.A.	European Monetary Agreement
E.P.U.	European Payments Union
E.R.D.F.	European Regional Development Fund

List of Abbreviations

E.U.A.	European Units of Account
F.A.O.	Food and Agriculture Organization
F.C.I.	Finance Corporation for Industry
FED	Federal Reserve System
F.F.I.	Finance for Industry
F.H.A.	Finance Houses Association
F.I.F.O.	First in, first out
f.o.b.	Free on board
G.A.T.T.	General Agreement on Tariffs and Trade
G.D.P.	Gross domestic product
G.F.C.F.	Gross fixed capital formation
G.N.I.	Gross national income
G.N.P.	Gross national product
H.H.F.A.	Housing and Home Finance Agency
H.P.	Hire purchase
I.B.A.	Industrial Bankers Association
I.B.R.D.	International Bank for Reconstruction and Development
I.C.F.C.	Industrial and Commercial Finance Corporation
I.C.O.R.	Incremental capital output ratio
I.D.A.	International Development Association
I.D.B.	Inter-American Development Bank
I.F.C.	International Finance Corporation
I.H.A.	Issuing Houses Association
I.L.O.	International Labour Organization
I.M.F.	International Monetary Fund
I.R.C.	Industrial Reorganization Corporation
I.R.R.	Internal rate of return
I.S.I.C.	International Standard Industrial Classification
I.T.O.	International Trade Organization
L.A.F.T.A.	Latin American Free Trade Association
L.I.F.O.	Last in, first out
M.C.A.	Monetary compensatory amounts
M.N.C.	Multinational corporation
M.N.E.	Multinational enterprise
M.P.C.	Marginal propensity to consume
M.P.S.	Marginal propensity to save
M.R.S.	Marginal rate of substitution
N.E.B.	National Enterprise Board
N.E.D.C.	National Economic Development Council
N.E.D.O.	National Economic Development Office
N.N.I.	Net national income
N.N.P.	Net national product
N.R.D.C.	National Research Development Corporation

List of Abbreviations

N.S.B.	National Savings Bank
O.D.E.C.A.	Central American Common Market
O.E.C.D.	Organization for Economic Cooperation and Development
P.A.Y.E.	Pay-as-you-earn
P.O.S.B.	Post Office Savings Bank
P.P.B.S.	Programme, planning, budgeting system
P.S.B.R.	Public-sector borrowing requirement
R.&D.	Research and development
R.P.M.	Resale price maintenance
S.A.Y.E.	Save-as-you-earn
S.D.R.	Special drawing rights
S.E.A.Q.	Stock Exchange Automated Quotation
S.I.C.	Standard Industrial Classification
T.D.R.	Treasury deposit receipt
T.P.I.	Tax and Prices Index
T.S.B.	Trustee Savings Bank
U.N.C.T.A.D.	United Nations Conference on Trade and Development
V.A.T.	Value-added tax

Terms that are commonly abbreviated, e.g. O.E.C.D., are listed in the dictionary under the full term, i.e. Organization for Economic Cooperation and Development. The use of single and double arrows (↔ ↔↔) in the text indicates, respectively, *see* and *see also* where a point is either amplified or complemented in another entry.

Where a cross-reference is given in parentheses, it refers only to the phrase or sentence immediately preceding it, and not to the whole entry.

THE DICTIONARY

