

# INTRO TO ECON

# What is economics?

- Economics is the study of how people seek to satisfy their needs and wants by making choices.

# Needs and Wants

- Need—something necessary for survival
- Want—something that we desire but that is not essential to survival

Why do we have to make choices?

# Scarcity

- ⦿ All resources are scarce, meaning that there are limited quantities
- ⦿ No one can have an endless supply of everything
- ⦿ A shortage is not the same as scarcity
  - A shortage is when a producer or a store does not offer a good or service at the current price
  - Like when a store runs out of something

# Resources Used to Make All Goods and Services:

## Factors of Production

- Land—all natural resources used to produce goods and services
- Labor—the effort that a person devotes to a task for which that person is paid
- Capital—any human-made resource that is used to produce other goods and services
  - Physical capital: human-made objects used to create other goods and services
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# Types of Capital

- Physical capital: human-made objects used to create other goods and services
- Human capital: knowledge and skills a worker gains through education and experience

# Who puts these resources together?

- Entrepreneurs decide how to combine land, labor, and capital resources