



As a Young Economist, I will be able to...

- Explain why scarcity and choice are the basis of economics in every society.
- Summarize how entrepreneurs fuel economic growth.
- Describe the three economic factors of production and the differences between physical and human capital.
- Explain how scarcity affects the factors of production.

Making Choices

Economics touches all aspects of life from government to what you watch on Youtube

Scarcity- Limited amounts of goods & services are available to meet unlimited wants

Need- Something essential for survival such as food & medicine

Want- Something we desire but is not necessary for survival such as sports tickets



Resources

Goods- Physical objects that someone produces.
Food, clothing, video games

Services- Actions or activities that one person performs for another

Scarcity demands that people make educated choices for materials, we use this for all parts of life!



Economics- Study of how people seek to satisfy their needs & wants by making choices

Scarcity & Entrepreneurs

Shortage- When consumers want more of a good or service than what producers are willing (or able) to make

Scarcity is a constant part of life and DOES NOT equal shortages, it is unavoidable

Entrepreneurs- People who decide how to combine resources to create new goods & services.

They can develop new ideas & start-up businesses, even new industries!



****Factors of Production**

Resources used to make all goods and services. The 3 main factors are...

Land- All natural resources used to produce goods & services

Labor- Effort people devote to tasks in which they are paid. This can be money or intangible ideas

Capital- Any human-made resource that is used to produce other goods & services

Effectiveness of Capital

Physical Capital- Human-made objects to create other goods & services such as a factory

Human Capital- Knowledge & skills a worker gains through education & experiences

Economy needs BOTH of these to function

Capital is effective because it can save time and money on production



Effectiveness of Capital

**Think of something simple that wastes your time,
Benefits of capital are...**

Extra Time! You can save time for other activities

**More Knowledge! Knowledge can be
transferable to other programs or
items**

**More Productivity! You can use that extra
time & knowledge to use for other
skills!**

All Resources Are Scarce

This is because all resources to produce them are scarce. Let's consider an iPhone...

