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[Econ Example Notebook]

CH. 1 What is Economics?

1.1 Scarcity & the Factors of Production

A. Scarcity & choice
   1. people cannot have everything they need & want.
      a. need - something nec. for survival
      b. want - " we desire, but not nec. for survival
      c. economics - the study of how people seek to satisfy their needs & wants by making choices.

B. Scarcity
   1. scarcity exists in all places at all times
      a. goods - physical objects (i.e. shoes, shirts)
      b. services - actions one person performs for another (i.e. haircut, dental check up)
   2. defining scarcity - all goods & services we produce are scarce.
      a. scarcity implies limited quantities of resources to meet unlimited wants.
      b. sooner or later a limit is reached
      c. at its core, econ. is about solving the problem of scarcity.
   3. Scarcity vs. shortages
      a. shortage - occurs when producer cannot offer good & services @ current prices.

C. Land
   1. Factors of production - the resources that are used to make all goods & services.
   2. land - all nat. resources ~~needed~~ used to produce goods & services.

D. Labor - the effort that a person devotes to a task for which that person is paid.

E. Capital - any human-made resource that is used to produce other goods & services.
   1. physical capital - human-made objects used to create other goods & services.
   2. human capital - the knowledge & skill a worker gains through education & experience.

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