**Economic Basics**

**What is Economics?**

* The study of how people seek to satisfy their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_by making \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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* examines economy-wide phenomena such as changes in unemployment, national income, rate of growth, gross domestic product, inflation and price levels

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* analyzes the market behavior of individual consumers and firms in an attempt to understand the decision-making process of firms and households

**Scarcity and the Factors of Production**

* What is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_?
  + Something that is necessary for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_?
  + An item that we \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ but is not essential to survival
* What is scarcity?
  + Scarcity is the idea that quantities of resources are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to meet the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_wants of humans.
  + Scarcity can be temporary or long term
  + Scarcity is brought about by wars, famines, floods, fires, etc.
* What is a shortage?
  + A situation in which a good or service is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* What are the four factors of Production?
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – the natural resources that are used to make goods and services
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – the effort that people devote to a task for which they are paid
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – any human made resource that is used to create other goods and services
    - There is human and physical capital
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – ambitious leaders who combine the land, labor, and capital to create and market new goods and services

**Trade – Offs and Opportunity Costs**

* What is a trade-off?
  + Trade offs are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that we sacrifice when we make a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* What is an Opportunity cost?
  + The most \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_alternative given up as the result of a decision is an opportunity cost.
    - Example: If you buy a Big Mac Combo, you cannot go buy a Chicken McNugget Combo

**Goods**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and personal property
* articles of commerce; merchandise

**Services**

* useful labor that does not produce a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ commodity
* the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of tangible property service and improvement of the residence