

TIIAME

- Topic: What is Economics?

WHAT IS ECONOMICS???

- Economics – the study of how individuals and societies make decisions about ways to use scarce resources to fulfill wants and needs.



The Study of Economics

■ Macroeconomics

- The big picture: growth, employment, etc.
- Choices made by large groups (like countries)



■ Microeconomics

- How do individuals make economic decisions



ECONOMICS: 5 Economic Questions

Clip slide

- WHAT to produce (make)
- HOW MUCH to produce (quantity)
- HOW to Produce it (manufacture)
- FOR WHOM to Produce (who gets what)
- WHO gets to make these decisions?



What are resources?

- Definition: The things used to make other goods



BUT, there's a Fundamental Problem:

*SCARCITY: unlimited wants and
needs but limited resources*



Why Choices?



We make choices about how we spend our money, time, and energy so we can fulfill our **NEEDS** and **WANTS**.

What are **NEEDS** and **WANTS**?

Wants and Needs, Needs and Wants

- **NEEDS** – “stuff” we must have to survive, generally: food, shelter, clothing
- **WANTS** – “stuff” we would really like to have (Fancy food, shelter, clothing, big screen TVs, jewelry, conveniences . . .
Also known as **LUXURIES**)

4 Factors of Production

■ LAND – Natural Resources

- Water, natural gas, oil, trees (all the stuff we find on, in, and under the land)

■ LABOR – Physical and Intellectual

- Labor is manpower

■ CAPITAL - Tools, Machinery, Factories

- The things we use to make things
- Human capital is brainpower, ideas, innovation

■ ENTREPRENEURSHIP – Investment \$\$\$

- Investing time, natural resources, labor and capital are all risks associated with production



- **THANK YOU FOR ATTENTION**