

People make choices about how to use limited resources, decide the ownership of resources, and structure markets for the distribution of goods and services.

Scarcity is the inability to satisfy all wants at the same time. All resources and goods are limited. This requires that choices be made.



Major Terms

Resources are factors of production that are used in the production of goods and services. Types of resources are natural, human, capital, and entrepreneurship.

Choice is selecting an item or action from a set of possible alternatives. Individuals must choose / make decisions about desired goods and services because these goods and services are limited.

Opportunity cost is what is given up when a choice is made the highest valued alternative forgone. Individuals must consider the value of what is given up when making a choice.

Price is the amount of money exchanged for a good or service. Interaction of supply and demand determines price. Price determines who acquires goods and services.

The student will demonstrate knowledge of how economic decisions are made in the marketplace by:
a) applying the concepts of scarcity, resources, choice, opportunity cost, price, incentives, supply and demand, production, and consumption.