

Outline Section 1.1

Make sure you know the terms:

Need

Want

Economics

Goods

Services

Scarcity

Shortage

Factors of Production

Land

Labor

Capital

Physical Capital

Human Capital

Entrepreneur

Answer the following questions:

- 1) Explain why scarcity and choice are basic problems of economics.
- 2) Identify land, labor, and capital as the three factors of production, and identify the two types of capital.
- 3) Explain the role of entrepreneurs.
- 4) Explain why economists say all resources are scarce.
- 5) What is the difference between a good and a service?
- 6) How is scarcity different from shortages?