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## What is Economics?

“Economics is the study of how individuals and society, experiencing virtually limitless wants, chooses to allocate its scarce resources to satisfy those wants.”

Micro – deals with behavior/decisions of small units like individuals or firms

Macro – deals with economy as a whole & behavior of large units like gov’t & unions

### The 4 categories of resources (Factors of Production)

1. Land	
2. Labor	<u>Payment</u>
3. Capital <i>(Goods used to make products)</i>	Mortgage or rent Wages, salary, tips, etc. Principle + Interest
4. Entrepreneurship <i>(People who start businesses)</i>	Profits/Losses

Memory Trick

Capital

Entrepreneurship

Land      Cells are the building blocks  
of life, FOP's are the

Labor      building block of economics.

So, Economics is...

Economics = Scarcity =  $\frac{\text{unlimited wants}}{\text{limited resources}} >$