

specialization

people produce (make)
ONE KIND of good or
service

supply

a person **SELLS** a good or
service for a price

demand

people buy a product
at different prices

**opportunity
cost**

thing we give up when
we make a choice
(Do I want ice cream or cake for dessert? I want cake.
ICE CREAM is the opportunity cost.)

interdependence

people are dependent
(or need) each other for
goods and services.

price

amount paid for a good,
service, or resource.

economics

study of how goods and services are produced (made) and consumed (used)

production

MAKING goods and services

choice

must choose between two or more different resources

credit

buy something now and pay for it later



money

use to buy needs and wants



services

work people do for others in **EXCHANGE** for payment



(haircut)

producers

people that make things
people will buy

consumers

people buy things others
made



**capital
resources**

goods made by people
and used to make
OTHER goods/services.
(hammers, computers, homes)

barter

**NO MONEY...trade
goods and
services**



needs

things you **NEED** to live
(clothes, shelter, food)

wants

things you **WANT** to
have, but do not need
(toys, radio, doll, etc.)

scarcity

happens when there is
NOT ENOUGH of
something people want

good

things people make or
grow to be bought or
sold

**natural
resources**



materials that come
from
NATURE
(water, soil, coal)



**human
resources**



people working to
produce (make)
goods/services.
(farmers, factory workers)