

SOL 3.10 Economic Principles

3.10a - Production, Distribution, and Consumption

- a. define production, distribution, and consumption of goods and services



Economics is the study of how people make choices about using their resources — like money, time, and materials.

- **Production** means **making goods and providing services**.
 - Example: A farmer produces crops, and a teacher provides a service.
- **Distribution** means **getting goods and services to the people who need them**.
 - Example: Trucks deliver food from farms to grocery stores.
- **Consumption** means **using goods and services**.
 - Example: When you eat food, wear clothes, or ride a bus, you are a consumer.

Think About It:

- How do goods like food or clothes get from where they are made to you?
- What goods and services do you use every day?

3.10b - Resources and Cultures

- b. understanding different cultures and the natural, human, and capital resources they use in the production of goods and services

Every place in the world uses **resources** to make goods and services.

There are **three kinds of resources**:

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NATURAL RESOURCES



Land



Wood

CAPITAL RESOURCES



Tool



Factory

HUMAN RESOURCES



Salesman



Worker

- **Natural resources** – things that come from nature (trees, water, soil, minerals).
- **Human resources** – people who work to make goods or provide services.
- **Capital resources** – tools, machines, and buildings used to produce goods and services.

Different cultures and countries use their own resources in different ways based on what is available in their environment.

Think About It:

- What are some natural resources found in your community?
- How do people's jobs depend on the resources around them?

3.10c – Specialization and Trade

- c. recognize that because people and regions cannot produce everything they want, they **specialize** in what they do best and trade for the rest



People and places **cannot make everything they want**, so they **specialize** — they focus on making or doing what they are best at.

They then **trade** to get what they need or want from others.

- Example: A farmer grows food, while a factory makes tools. They trade food for tools.
- When people or regions trade, they depend on each other. This is called **interdependence**.

💬 **Think About It:**

- Why do people **trade** with each other?
- How does **specialization** help people and countries?

3.10d – Economic Choices and Opportunity Cost

- d. identifying examples of making an economic choice and explaining the idea of **opportunity cost**.

Because resources are **limited**, people must make **choices**.

Every time we make a choice, we give up something else — this is called **opportunity cost**.

- Example: If you choose to spend your money on a toy, the **opportunity cost** might be the snack you didn't buy.



Making Choices = Opportunity Cost

- People, businesses, and even governments make choices like this every day to decide how to use their money, time, and resources.

💬 **Think About It:**

- Can you think of a time you had to make a choice and give up something else?
- Why can't we always have everything we want?

Concept	What it means	Example
Services	Work people do for others	Teaching, driving, cutting hair
Resources	Things used to make goods/services	Trees, workers, machines
Specialization	Doing what you do best	A baker makes bread, a farmer grows food
Trade	Exchanging goods and services	Trading apples for milk
Opportunity Cost	What you give up when you make a choice	Buying a toy instead of a snack
Interdependence	Depending on others for goods/services	Farmers, teachers, and builders all depend on each other