

ECONOMICS

GOODS, SERVICES, BUYERS, SELLERS, PRODUCERS

SOL 1.7 Goods and services satisfy people's needs and wants. People are both buyers and sellers of goods and services.

Terms to know

Goods:

Things people make or use to **satisfy needs and wants**

Services:

Activities that satisfy people's needs and wants

SOL 2.9 People are both producers and consumers.

Consumer:

A person who **uses** goods and services

Producer:

A person who uses resources to **make** goods and/or provide services

SCARCITY - CHOICE

SOL 1.8, SOL 2.9 -- People make choices because they cannot have everything they want.

SOL 3.9--**Opportunity cost** is what is given up when making a choice

Terms to know

Scarcity:

Not being able to meet all wants at the same time because resources are limited

Economic choice:

The choice of or **decision among alternatives** or possibilities

Opportunity cost:

The **next best choice** that is given up when a decision is made

What happens when people cannot have everything they want?

When people cannot have all the goods and services they want, they must choose some things and give up others. (**SOL 1.8**)

Why do people have to make economic choices?

People must make economic **choices** because **resources are scarce (limited)** (**SOL 2.9**)

Why does an economic choice involve giving up something else?

People make choices because they cannot have everything they want. All choices require giving up something (**opportunity cost**)

Economic decision-making requires comparing both the opportunity cost and the monetary cost of choices with benefits.

Economic Choices		
<i>Choices</i>	<i>Choices made</i>	<i>Choices given up (opportunity cost)</i>
Ice cream or popcorn	Ice cream	Popcorn
Toy or favorite video	Favorite video	Toy
Spend now or save for the future	Spend now	Save for the future

MONEY, BARTER, SAVING

SOL 1.9 People save money for the future to purchase goods and services.

Why do people save money?

People can choose to spend or save money.

To save money, people give up spending now in order to buy goods and services in the future.

Terms to know

Money: Paper bills and coins are used to pay for goods and services

Savings: Money not spent now so it can be spent in the future

SOL 2.8 Distinguish between the use of barter and money

What is the difference between using barter and using money in exchange for goods and services?

People acquire goods and services through **barter** or through the exchange of **money**.

Barter:

The exchange of goods and services **without** the use of **money**

Money:

Coins, paper bills, and checks used in exchange for goods and services

RESOURCES

SOL 2.7 Natural resources (water, soil, wood, and coal), human resources (people at work), and capital resources (machines, tools, and buildings).

What are natural, human, and capital resources?

Terms to know

Natural resources:

Materials that come from nature - **Water, soil, wood, coal**

Human resources:

People working to produce goods and services - **Farmers, miners, builders, painters**

Capital resources:

Goods made by people and used to produce other goods and services - Machines, tools, buildings; Hammers, computers, trucks, lawn mowers, factories

SOL 3.7 Producers in ancient Greece, Rome, and the West African empire of Mali used natural resources, human resources, and capital resources in the production of goods and services.

Resources are used to produce goods and services.

Producers of goods and services are influenced by natural, human, and capital resources.

What are some of the goods and services produced in ancient Greece, Rome, and the West African empire of Mali?

The people of ancient **Greece built ships, fished**, made pottery, and farmed.

The people of **ancient Rome** built **ships, fished**, made pottery, and farmed.

What resources (natural, human, capital) were used to produce goods and services in ancient Greece, Rome and the West African empire of Mali?

GREECE AND ROME: Ancient Greece was located on a **peninsula**, with **mountains and hills** and was surrounded by many **islands** and the **Mediterranean Sea**. Greece had **limited rich soil**.

Ancient Rome was located next to a **river**. The **soil was limited** for farming. A variety of **trees** grew in ancient Rome.

Although Ancient Greece and Rome had limited soil for farming, they had access to the **sea** (natural resource). So they used their human and capital resources to produce **ships** (goods) which they used for **transportation** (service) in trading.

MALI: The West African empire of Mali was located in Africa. **Gold** was a natural resource. Mali used human and capital resources to mine **gold** (natural resource). The people of the West African empire of Mali traded **gold for salt**.

SPECIALIZATION & INTERDEPENDENCE

STANDARD 3.8 -Because people and regions cannot produce everything they want, they specialize in producing some things and trade for the rest-

What is specialization? Why do those who specialize have to depend on others?

People and regions often specialize in the production of certain goods and services because they cannot produce everything they want.

Specialization occurs when **people focus** on the production of selected kinds of goods and services.

Why do people trade?

Specialization encourages **trade** because people want goods and services that they do not have, so people trade for things they need and want but do not have.

People trade when individuals or groups **benefit** from the trade. People **trade** for things they need and want but do not have.