

ECONOMICS: Economic groups, factors of production and the basic economic problem (1)

A ECONOMIC GROUPS & FACTORS OF PRODUCTION		
1	Economic groups	The 3 main economic groups are consumers, producers and the government.
2	Consumers	Individuals and households who provide labour to firms in return for an income, and purchase goods and services.
3	Producers	Firms who produce goods and services They may be individual entrepreneurs (self-employed) or large multinational companies.
4	Government	A political party with the authority to govern a country. They spend money on public infrastructure raised through taxes.
5	Factors of production	The inputs required for the creation of a goods or services. The factors of production include land, labour, capital and enterprise.
6	Land	Land includes all natural physical resources – e.g. fertile farmland.
7	Labour	Labour is the human input into production e.g. the supply of workers available and their productivity.
8	Capital	Items such as machinery, equipment, new technology, factories, buildings as well as the stock required to produce finished goods.
9	Enterprise	The incentive of an entrepreneur to take the risk to supply products or services to a market to make a profit.

B THE BASIC ECONOMIC PROBLEM		
1	Scarce resources	The concept that there is limited availability of resources such as human resources, natural resources and land.
2	Unlimited wants	An economic term that refers to humans natural desire for things. We never get enough because there is always something else that we need or want.
3	Economic problem	The concept that because we have scarce (limited) resources, we will never have sufficient resources to fulfill our unlimited wants.
4	Opportunity cost	When an option is chosen from alternatives, the opportunity cost is the "cost" incurred by not enjoying the benefit associated with the best alternative choice
5	Allocation of resources	The assignment of available resources to various uses.
6	Social sustainability	Promotes wellbeing within an organisation or country's people while also supporting the ability of future generations to maintain a healthy community.
7	Economic sustainability	Ensuring that long-term economic growth is achieved without negatively impacting social, environmental, and cultural aspects of a community or country.
8	Environmental sustainability	Responsible interaction with the environment to avoid depletion or degradation of natural resources in order to allow for future generations to continue to benefit from them.