

the study of economics

what is it?

big picture stuff: economics

- *economics* is a social science—which is the study of how people interact with each other
 - *key concept*: people think! we are not robots so our individual behavior is not always predictable, but large group behavior is actually quite predictable and therefore “studyable”
- this is what economists use to study our behavior

big picture stuff: economics

- *logic of economics...*
 - earth has limited resources
 - resources are used to produce goods and services
 - people have infinite wants and needs
 - there is a conflict between finite resources and infinite needs and wants
 - people can't have everything they want so resources must be rationed in some way
 - this is where economics comes in
- *economics is the study of how scarce resources are allocated to fulfill infinite wants of consumers*

core economic terms

words you need to know...

- **goods:** physical objects that are capable of being touched (tangible) such as vegetables, meat or motorcars
- **services:** intangible things that cannot be touched such as motorcycle repairs, haircuts or insurance
- **wants:** things that we would like to have but are not necessary for our immediate physical survival, such as iPhones and televisions
- **needs:** things that we must have to survive, such as food, shelter, and clothing
- **resources:** goods used to produce other goods, i.e. land, labor, capital, entrepreneurship—also known as factors of production