**BASIC ECONOMIC CONCEPTS**

**Needs:** Are goods or services that you must have. This would include basic

requirements for survival like the needs for food, clothing, shelter and

health care. In recent years we have seen a perceived shift of item from

wants to needs such as: Internet and telephone service, to many, are needs.

**Wants:** Are goods or services that are not necessary but that we desire or wish for,

wants are broader than needs. For example, one needs clothes, but one may

not need designers’ clothes. One does not need toys, entertainment, games

…etc. One needs food, but does not have to have a steak or dessert. One

does not need glamorous trips, mall shopping …etc.

**Economy:** Is the relationship between production, trade and the supply of money

in a particular country or region.

**Economics:** Is a science that studies economies and develops possible models for

their functioning. It is also the study of human efforts to satisfy unlimited

wants with limited resources

**Scarcity:** The fundamental economic problem facing all societies is the situation

where you don’t have enough of something. Essentially it is how to

satisfy, unlimited wants with limited resources.

This is the issue that plagues all government and peoples. How do we

conquen the issue of scarcity? Many people have thought they had the

answer (see Marx, Smith, Keynes, etc.) but the issue of scarcity still

exists.

**Market:** A place or an area where the forces of supply and demand meet.

**Competition:** describes the activity of trying to sell more and be more successful

When competition is strong, you can say that it is intense, stiff, fierce or

tough. If not, it may be described as low-key.

**Factors of production/resources:** These are those elements that a nation has at its

disposal to deal with the issue of scarcity. How efficiently these are used

determines the measure of success a nation has.

They are ;

 Land - natural resources, etc.

 Capital - investment money.

 Labor - the work force; size, education, quality, work ethic.

 Entrepreneurs - inventive and risk taking spirit.

The "Three Basic Economic Questions" these are the questions all nations

must ask when dealing with scarcity and efficiently allocating their

resources.

 What to produce?  How to produce?

 For whom to produce?

**Opportunity cost:** The cost of an economic decision. The classic example is "guns

or butter."

What should a nation produce; butter, a need, or guns, a want? What is the

cost of either decision?

If we choose the guns the cost is the butter. If we choose butter, the cost is

the guns.

**Free products:** Air, sunshine are and other items so plentiful no one could own

them.

Economists are interested in "economic products" - goods and services that

are useful, relatively scarce and transferable.

**Good :** Tangible commodity. These are bought, sold, traded and produced.

**Services:** Work that is performed for someone. Service cannot be touched or felt.

**Consumer goods:** Goods that are intended for final use by the consumer.

**Capital goods:** Items used in the creation of other goods: Factory , machinery,

trucks, etc.

**Durable goods:** Any good that lasts more than three years when used on a regular

basis.

**Non durable goods:** Any item that lasts less than 3 years when used on a regular

basis.

**Consumer:** Is the one who is the end user who consumes goods or services.

**Customer/client:** Is the one who is purchasing the goods or services for several

time, the client has the notion of loyalty.

**Consumption:** The using up of goods and services having an exchangeable value.

**Utility:** capacity to be useful.

**Wealth:** the sum collection of those economic products those are tangible, scarce

and useful.

**Productivity:** the ability to produce vast amounts of goods (economic products) in

an efficient manner. The American capitalist economy is productive

because:

 It uses its resource efficiently.

 It specializes to increase efficiency and productivity.

 It invests in Human Capital.

Use the **Present Simple** for:

a) Habits / routines : (everyday)

b) Things that are always true/ permanent:(the water boils at 100°C.)

c) Describing a state: (economics is the science that studies economy).

Use the **Present Continuous** for:

1. Things that are happening now at this precise moment:( I am working at

the moment).

1. Temporary situations that are happening around now: (I am reading a

really great book)

**Grammar:** The **Present Simple/ Present Continuous**:

**Activity 01:** Complete the sentences with the verbs from the box below in simple

present or present continuous.

Involve, take part, meet, learn, be, call, not want, speak, invest, sell,

target, work,

1. Our sales rep **is**…very stubborn. He… **doesn't want**.(not) to accept our new conditions.

2) They… **are taking part**..in a temporary project.

3) My job usually… **involves**………emailing our customers.

4) We … **are meeting**………a new consultant tonight

5) Listen! That man … **is speaking**…………… Spanish.

6) Barbara speaking. Who …… **is calling**…………, please?

7) My colleagues … **are learning**…how to make interactive activities right now.

8) Dell and HP ………………….computers around the world.

9)………you…………..more money in research and development this year?

10) This time, we…..our advertising campaign on the young.

11) Oh no! My printer………………….(not) properly. I’ll ask a technician.

**Important: Some verbs are not usually used in the continuous form, e.g. *hate, want,need***

**Activity 02:** All these sentences are wrong. Correct the mistakes (There may be

more than one mistake in each sentence).

1) My job consist in answering phone calls. **My job consists of answering phone calls**

2) Do you read that book at the moment? **Are you reading that book at the moment?**

3) I am wanting to deal of my email before I leave. **I want to deal with my email before I leave**

4) Her job involve to travel around the world. **Her job involves travelling around the world**

5) I usually am involved on new projects. **I am usually involved in new projects**

**Activity 03:** Choose the right answer.

1. You need to talk to Bob. He deals ……….. new contracts

a) of b) **with**

2. The main part of his job .................. of phoning their customers

a) takes part b) **consists**  c) involves

3. We are using a new…………….. to do part of our work

a) **subcontractor** b) employee c) supplier

4. We are 400 members of …………... at the moment

a) **staff**  b) employees

5. ……at weekends?

a) **Do you work** b) Are you working

6. Where is Sam today? He … a new supplier

a) visits b) **is visiting**

TASK 2 : Quizz ( activity 1 – 3)