1 The economic problem – Part 1

Name: ____________ Class: ________ Date: __________

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)
Scarcity	稀缺性	
Resources	资源	
wants	欲望	
economic problem	经济问题	
Opportunity cost	机会成本	
alternative	替代选择	
factors of production	生产要素	
reward	报酬	
land	土地	
labour	劳动	
capital	资本	
enterprise	企业家才能	
entrepreneur	企业家	

Recall

You make choices with limited money every day. Bring this with you:

- You cannot buy everything you want — money runs out.
- A country, too, has only limited resources.

At AS, economics begins with this one big problem: we can never have everything we want.

New ideas

1 Scarcity and the economic problem

Scarcity 稀缺性 is the central idea of economics. **Resources** 资源 (the things we use to make goods and services) are **limited**, but human **wants** 欲望 are **unlimited**. People always want more.

Because wants are bigger than resources, this is the **economic problem** 经济问题. Every society must answer three questions: **what** to produce, **how** to produce it, and **for whom**.

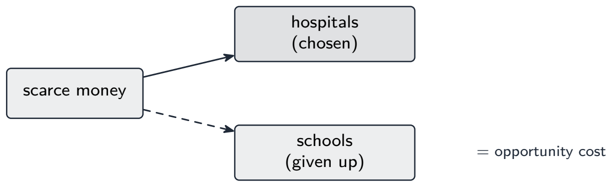
Micro-check. State why resources are described as scarce. [1]

2 Opportunity cost

Because resources are scarce, you must **choose** — and every choice means giving something up.

Opportunity cost 机会成本 is the next best **alternative** 替代选择 you give up when you make a decision.

Worked example. A government spends its money on new hospitals. Its opportunity cost is the new schools that the same money could have built.

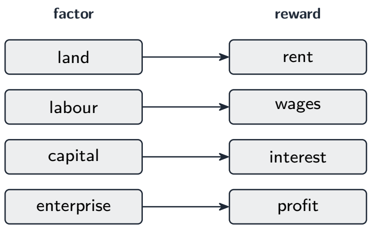


Micro-check. You spend your money on a phone instead of a holiday. State the opportunity cost. [1]

■ **3 Factors of production**

The **factors of production** 生产要素 are the four kinds of resource used to make goods and services. Each earns a **reward** 报酬:

- **land** 土地 — natural resources (fields, water, oil) → earns rent;
- **labour** 劳动 — human work → earns wages;
- **capital** 资本 — man-made things used to produce (machines, factories) → earns interest;
- **enterprise** 企业家才能 — the skill of the **entrepreneur** 企业家, who brings the others together and takes the risk → earns profit.



Micro-check. State which factor of production earns **wages**. [1]

Watch out: opportunity cost is the *next best* alternative given up — only *one* thing, not everything you didn't choose. The four factors each earn a reward: land → rent, labour → wages, capital → interest, enterprise → profit.

Practice

1.1 Explain what is meant by **scarcity**, using the words *resources* and *wants*. [2]

1.2 Define **opportunity cost** and give one example. [2]

1.3 Name the **four** factors of production. [4]

1.4 State the reward earned by (a) land, (b) labour, (c) capital. [3]

1.5 A farmer uses a field to grow wheat instead of keeping cattle. State the opportunity cost. [1]

1.6 Challenge. A student spends an evening studying instead of working a paid shift or meeting friends. Explain why the opportunity cost is only *one* of these, not both. [2]