

1 Scarcity and choice – Part 1

Name: _____ Class: _____ Date: _____

Vocabulary

Write each word three times.

English

Write it 3 times (English)

economic problem

scarcity

factors of production

Recall

The basic **economic problem** is **scarcity** : people have unlimited wants but only limited resources.

New ideas

Read these first, then do the Practice.

■ 1 Scarcity and choice

unlimited wants

limited resources

= scarcity
(we must choose)

Because of scarcity, every choice has a cost.

■ 2 Factors of production

The **factors of production** are the resources used to make goods:

land	natural resources
labour	workers
capital	machines, tools
enterprise	the risk-taker

Watch out: **scarcity** comes from unlimited *wants* but limited *resources* – it forces every choice. The four factors are **land, labour, capital, enterprise**: labour is the workers, capital is the machines/tools, enterprise is the risk-taking organiser.

Practice

Try these in order.

1.1 What is *scarcity*? [1]

1.2 Why does scarcity force us to make choices? [1]

1.3 Name the four factors of production. [2]

1.4 Which factor is the “workers”? [1]

1.5 Which factor includes machines and tools? [1]

1.6 Challenge. A baker uses a field, three staff, an oven, and her own idea to run the business. Match each one to a factor of production. [4]