

# Economics 101

## #7

You also need 1 sheet of notebook paper with your first & last name and the period # at the top!

# Needs vs. Wants

- <https://www.youtube.com/watch?v=QyuU4wFlz3o>

# Needs vs. Wants

- List at least 3 on each side

# What is Economics?

- the way that goods & services are produced & distributed in a place

the biggest problem with economics is

# SCARCITY

- Humans 'wants' are unlimited, but the world has limited resources to meet these wants.
- **The inability to give everyone all of the things they may want**
- So societies have to make choices...

# Choices about...

## **1. What to produce?**

What kind of goods & services should be made?  
How many of each good & service should be made?

## **2. How to produce?**

## **3. For whom should the goods & services be produced for?**

# There are 2 types of things you can buy or sell



- Goods or physical objects you can touch
- Services or help people can provide you

# Goods vs. Services

## Goods-

- Tangible goods that satisfy your needs or wants
- EX: burgers, video games, pencils, ice cream, Chick-Fil-A, iPhones
- Come from a manufacturer

## Services-

- No physical goods are transferred. But a service is given in exchange for payment.
- EX: getting your nails done, going to the doctor for a checkup, getting the oil changed in your car, getting your hair cut
- Known as the service industry



# What types of things may influence what you produce?

- **Weather-** hot, cold, humid, etc.
- **Location-** where on the globe are you? Are you a landlocked country?
- **Rainfall-** are you able to grow crops?
- **Natural resources-** do you have naturally available oil beneath the ground, or live near fresh water for fish?



# Everything we buy goes through many steps & many people before it gets to us.

1. Get the resources needed to make cupcakes

- flour
- sugar
- eggs
- cupcake liners

2. Make the cupcakes in a bakery/factory & ship it out to grocery chains.



3. Kroger, Walmart, Publix, Ingles sell the cupcakes to us (the consumers)

# Supply & Demand

- 1. Supply-** the amount of a good or service available
- 2. Demand-** the desire to obtain a good or service

# What happens to the price when...

- **Supply is high & demand is low**

- Price is LOW
- EX: older model iPhones

- **Supply is low & demand is high**

- Price is HIGH
- EX: the newest iPhone model

# The Hula Hoop: A True Story

- Watch the video clip about the start of the Hula Hoop.
- Think about why the price of the hula hoop would change over the course of the clip.



# On Your Notebook Paper:

1. Why does the business owner lower the price of the hula hoops initially?
2. What happened to make the business owner raise prices?
3. What does an increase in price for a product communicate to consumers about the demand for that product?

# Cookie Creation...

- Imagine you have a chocolate chip cookie
- Consider all the different things needed to make this cookie from start to finish: from when things are grown until the package is in your pantry
- **On your notebook paper**, make a list & see how many items you can think of before the timer goes off

# Cookies...



- Farmers, flour, land, water, cocoa beans, chickens, chicken houses, eggs, delivery trucks, ovens, conveyor belt, factory workers, store cashiers, paper, boxes, gas, oil, sugar cane, cows, etc.



# Four Factors of Production

- **All resources can be classified in to one of the four Factors of Production**

1. Land

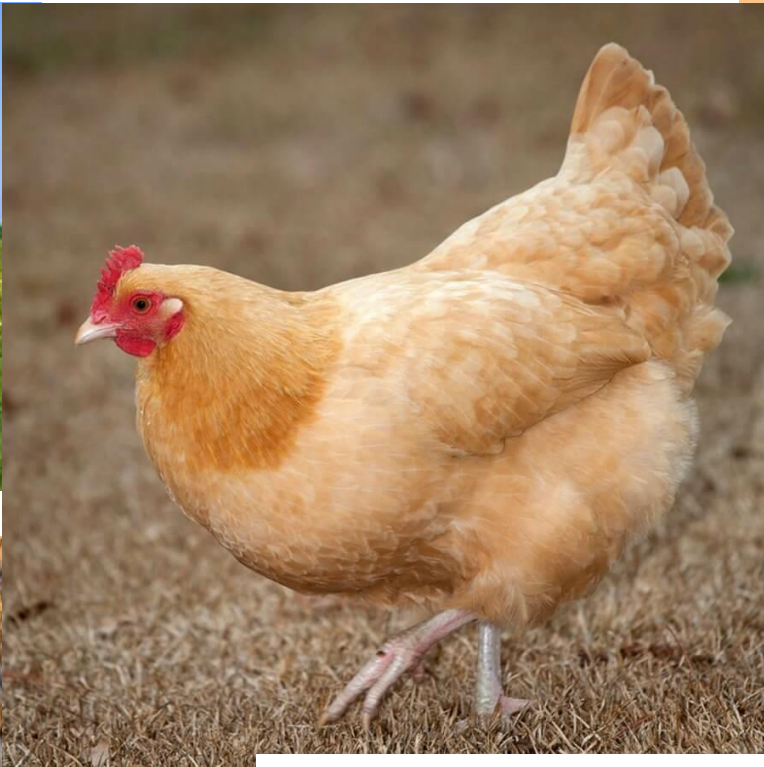
2. Labor

3. Capital

4. Entrepreneurship

# 1. Land

- All natural resources that are used to produce goods & services. Anything that comes from “mother nature”.
  - Water, sun, plants, oil, trees, stone, animals, etc.



# 2. Labor

- Any effort a person devotes to a task for which that person is paid; workers
  - Manual laborers (electricians, plumbers, painters, builders, contractors), lawyers, doctors, teachers, waiters, etc.



# 3. Capital

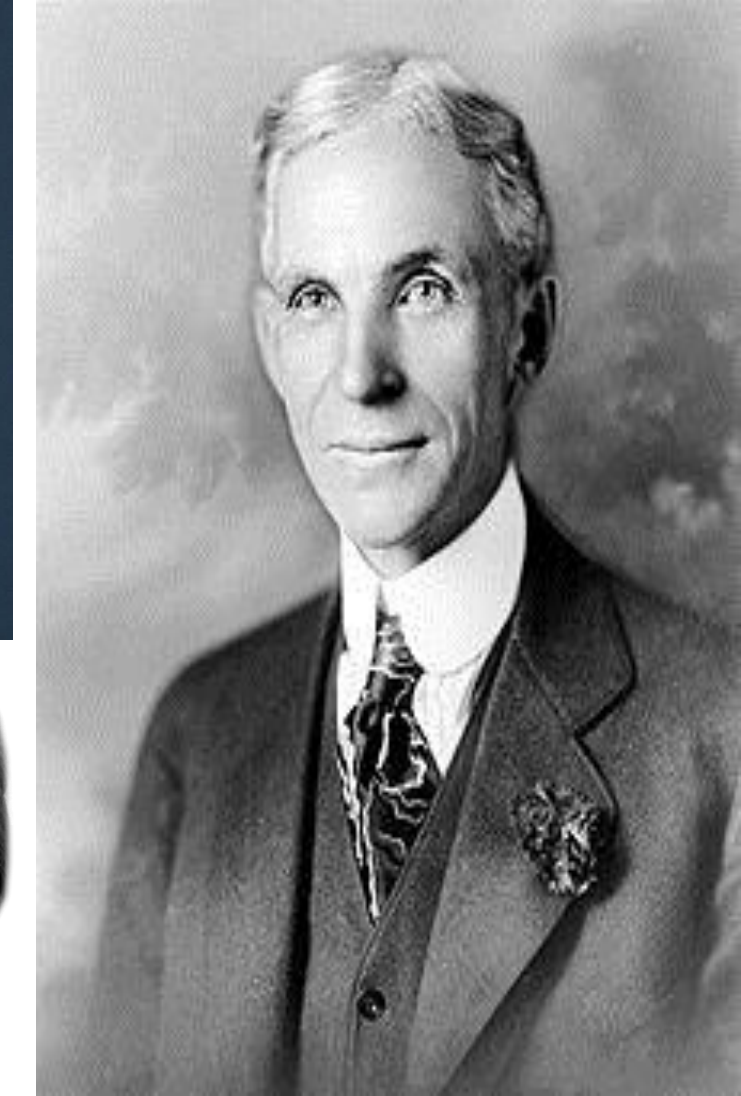
- Any human-made resource that is used to create other goods & services
  - Machines, tools, tractors, buildings, factories, etc.



# 4. Entrepreneurship

- People who combine other factors of production to create goods & services
- People who take a **risk** to create their own business for profit
- EX: Henry Ford, Bill Gates, inventors, store owners, etc.

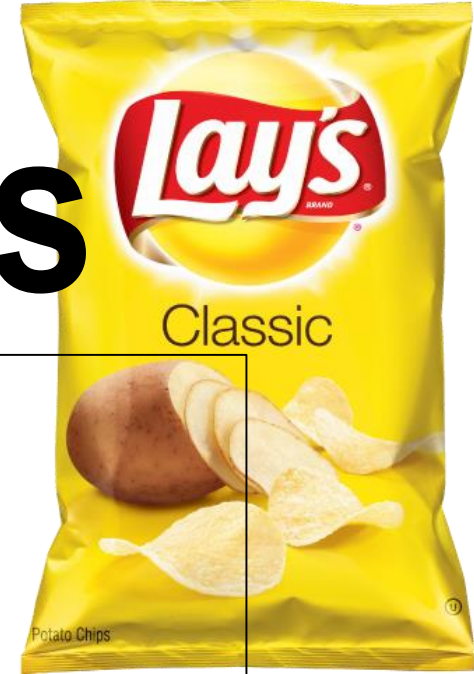




# Factors of Production

1. **Land-** (natural resources)
2. **Labor-** people doing jobs
3. **Capital-** objects & goods needed to do a job
4. **Entrepreneur-** the owner who takes the risks & makes the profits

# Lay's Potato Chips



- Watch the video showing how they make Lay's Potato Chips.
- **On your notebook paper**, brainstorm a list of at least 20 things, with your person, that were necessary to produce the chips.

- **On your notebook paper,** brainstorm a list of at least 10-15 things, with your person, that were necessary to produce the chips.

**Classify the 20 items you brainstormed into the 4 factors of production groups, **on your notebook paper.****

**Land (natural resources)**

**Labor**

**Capital**

**Entrepreneur**

## Land

- Potatoes
- Water
- Salt
- Seasoning
- Oil

## Labor

- Workers

## Entrepreneur

- CEO of Lay's

## Capital

- Factory building
- Metal for factories
- Conveyor belt
- Electricity
- Fryer
- Peeler
- Plastic bags
- Printer for bags
- Trucks for delivery
- Wheels
- Parking lot
- Blade from peeler
- Hair nets for workers
- Aprons for workers
- Gloves for workers
- boxes

# Posters of Production

- **Factors of Production in a**  

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- Choose a final product to break down
- Come up with 4 factors of production for that item

# Factors of Production in a Ford Model T

- Land- (natural resources)  
Rubber for the tires



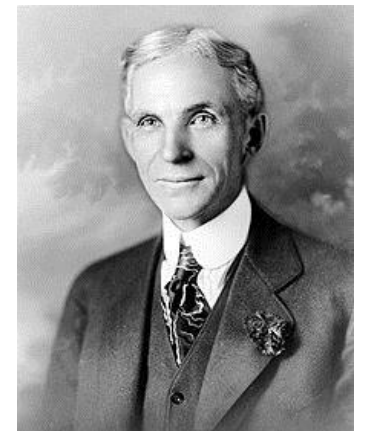
- Labor- Ford Model T factory workers



- Capital- original Ford Motor Company building



- Entrepreneur- Henry Ford





# Factors of Production in a smoothie

- Land
- 4-5



- Labor



- Capital
- 2-3



- Blender
- Cup
- Straw

- Entrepreneur



- Bill & Cindy Kuhnau
- Developed due to his intolerance to gluten in 1973.

# Factors of Production in a \_\_\_\_\_.

- Get out your poster
- You've got 10 minutes to finish it up
  - It should have color
  - It should include images
  - 4-5 land items
  - 2-3 capital items