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Needs and wants

Need: Something individuals must have to ensure their survival. Also applies to businesses

Want: Something we desire to make life more comfortable and enjoyable

Economic agents

Consider what prevents each economic agent from satisfying their needs and wants....

Not enough resources

What are the implications of this?...

We have to make ~~choice~~ choices which lead to an opportunity cost

* Cover Adv. of Specialisation

The Basic Economic Problem

- The basic economic problem is about scarcity and choice.
- There are only a limited number of resources available to produce the unlimited goods and services that are desired by individuals.
- All societies have to decide what to produce, for whom to produce and how to produce.

Opportunity Cost

The cost of the best next forgone alternative

The cost of the next best alternative foregone when making a choice

A results of unlimited wants and scarce resources