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Foundations

Resources are finite but the wants are infinite, to sort it out we need ECONOMICS

Scarcity → rationed by price
- limited
- not everyone buys everything → because of price

Choice → sacrifice want
- people don't have infinite salaries
- Need / want / can

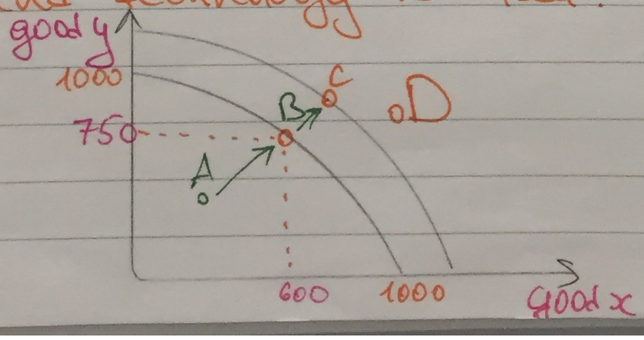
→ Opportunity cost
- next best decision
- not monetary terms

Economic problem
- → What/how much
- → who, to who? richer/poorer
- → How? (machines/workers)

Factors of production
- Labour
  - physical
  - mental
  - contribution
- Land
  - sea
  - land
  - resources
  - raw mats
  - fossils
- Capital
  - Investment
  - human
    - education
    - health
  - physical
    - machines
    - roads
    - resources
- Management
  - organisation
  - ↳ produces goods + services

Production Possibilities curves:

- max combination of goods that can be produced in a certain country at a certain time period.
- The curve is at the point where all resources available are in use and technology is fixed.



A → B = Actual growth
- not max

B → C = Potential growth (increasing ppf)

D = impossible