Goods, Services, and Consumers

- Economic products – goods and services that are useful, relatively scarce, and transferable to others
- Good – an item that is economically useful or satisfies and economic need/want
    - Consumer good – a good intended for final use by individuals
    - Capital goods – goods used to produce other goods and services
- Service – work that is performed by someone to fill an economic need/want
- Goods are tangible, services are not
- Durable good – a good that will last more than 3 years
- Non-durable good – a good that lasts less than 3 years

Value, Utility, and Wealth

- Value – worth that can be measured in monetary terms
    - Determined by utility and scarcity of the good
- The Paradox of value – a situation where non-necessities have higher value than needs
    - Ex. Diamonds are worth more than a bottle of water
- Utility – the capacity to be useful
    - Relative from one person to the next
- Wealth – the accumulation of those products that are tangible, scarce, useful, and transferable
    - Not just money
    - Goods are wealth, services are not

The Circular Flow of Economic Activity

- All economic goods and money flo through markets
- Market – a location or other mechanism that allows buyers and sellers to exchange certain products
- Factor market – markets where productive resources are bought and sold
    - Ex. Salaries pay for labor, rent pays for land, businesses pay for capital goods
- Product market – markets where producers sell their goods/services to consumers

Productivity and Economic Growth

- Economic growth occurs when a nation's total output of goods/services increases over time
- Productivity – the measure of the amount of output produced by a given amount of inputs in a specific period of time
    - Goes up whenever you can have increased output with the same input and time
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- Division of labor – when work is arranged so that individual workers do fewer tasks than before
    - Workers become more efficient when they have less tasks to do