

Lesson #7

Economics Terms (Part I)

In addition to natural and capital resources, human resources are another important factor of economics. **Human resources** are the people who do the work to produce goods and provide services. A garment factory worker, an oil refinery operator, a hotel bellhop, a wheat farmer, and a school principal are all examples of human resources. **Producers** are human resources that produce goods and provide services; they use natural and capital resources to do so. **Consumers** are the people who buy and use the goods and services. Producers and consumers meet at a **market**, a place where people buy and sell products and services. Everyone is a consumer, and many people are both consumers and producers. The manufactured items that go into the making of other products are **intermediate goods**. Tires, brakes, windshield wipers, and air filters are intermediate goods that are used to make cars. All of the things that go into making goods and providing services are **inputs**. Some examples of inputs are intermediate goods, human labor, time, and money.

Supply and demand is a market force that influences how much of a good will be produced. **Supply** describes how much of something is available for sale. **Demand** describes how much of that item consumers want to buy and how much they are willing to pay for it. Demand for a product is high when consumers want the good and are willing to pay its price. When demand is high, prices usually

increase. When supply is too high or demand is low, the price usually drops. When prices drop, the workers who produce the good may be unemployed until demand increases or a different good is produced. The forces of supply and demand are in constant change, and these fluctuations affect both local and wider economies. For example, winter coats are in high demand and may be priced accordingly during early winter but are on sale by early spring when demand is low. According to the **law of supply and demand**, as the price of a good increases, consumers buy less, and as the price of a good decreases, consumers will buy more.



A farmers' market is a place where consumers can buy fresh vegetables.

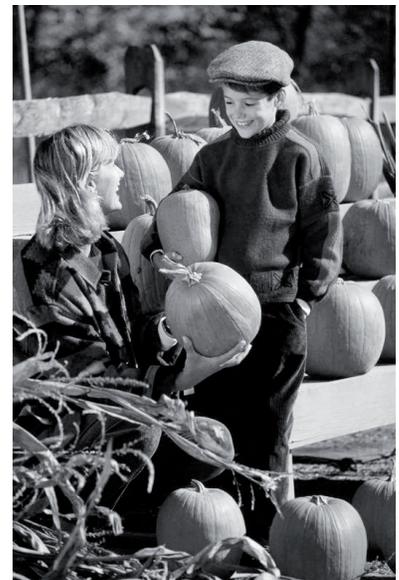
1. _____ is how much of a good is available and _____ is how much consumers want the good and are willing to pay for it.
2. Human resources, people who use resources to make goods or provide services, are also called _____, and people who buy goods and services are called _____.

3. According to the law of supply and demand, a good in _____ will cost the least.
 - A) low demand and high supply
 - B) low demand and low supply
 - C) high demand and high supply
 - D) high demand and low supply

4. According to the law of supply and demand, a good in _____ will cost the most.
 - A) low demand and high supply
 - B) low demand and low supply
 - C) high demand and high supply
 - D) high demand and low supply

5. The law of supply and demand states that consumers will buy more of a good if the price (increases / decreases) and less if the price (increases / decreases).

A farmer wants to earn money by selling pumpkins in the fall. She buys materials to build a roadside stand, along with topsoil, seeds, fertilizer, and other supplies from the local hardware store. Then she hires some additional help. The farmer makes a list of all the natural, capital, and human resources she will need to launch the project. Some of the capital resources are manufactured. Others come from natural resources and are packaged for sale. Capital resources are items that the farmer must purchase. Natural resources come from nature with no intervention by humans.



6 – 9. List the letter of each resource in its proper place in the table.

- | | |
|-----------------------------|-------------------------|
| A) packets of pumpkin seeds | F) stand sales clerk |
| B) farm helpers | G) sunshine |
| C) lumber, nails, paint | H) rake |
| D) rainfall | I) bags of fertilizer |
| E) wagon | J) truckload of topsoil |

Natural Resources	Human Resources	Capital Resources

10. A map showing roadside attractions is a (political / thematic) map.