

People make choices about how to use limited resources, decide the ownership of resources, and structure markets for the distribution of goods and services.

**Scarcity is the inability to satisfy all wants at the same time. All resources and goods are limited. This requires that choices be made.**



### Major Terms

**Incentives** are things that incite or motivate. Incentives are used to change economic behavior.

**Supply and Demand** Interact to determine price. Demand is the amount of a good or service that consumers are willing and able to buy at a certain price. Supply is the amount of a good or service that producers are willing and able to sell at a certain price.

**Production** is the combining of human, natural, capital, and entrepreneurship resources to make goods or provide services. Resources available and consumer preferences determine what is produced.

**Consumption** is using goods and services. Consumer preferences and price determine what is purchased.

The student will demonstrate knowledge of how economic decisions are made in the marketplace by:  
a) applying the concepts of scarcity, resources, choice, opportunity cost, price, incentives, supply and demand, production, and consumption.