

1. The Factors of Production (FOPs) and Economic Resources

Factors of production are the resources of **LAND**, **LABOUR**, **CAPITAL** and **ENTERPRISE** used to produce goods and services

1

LAND

All things supplied by nature and used in the production of goods/services

i.e. farmland, forests, rivers, lakes, seas or minerals

2

LABOUR

All human effort which goes into the production of goods/services

3

CAPITAL

Anything made by man and used to produce goods/services

- **Fixed** stock of fixed assets i.e. buildings, factories, warehouses, vehicles
- **Social** owned by the community in general i.e. roads, water, sewerage
- **Working** manmade raw materials and partially finished goods

4

ENTERPRISE

Initiative involved in organising land, labour and capital and which bears the risks involved

The production of every good/service requires a certain combination of each **FOP**

Goods and services are produced (**supply**) to satisfy what people want (**demand**)

The interaction of **demand** and **supply** determines the **price (P)** people pay

2 Economic Fields

Microeconomics

(The Detail)

Its all about...FIRMS/INDIVIDUALS

The study of the behaviour and decisions of individuals and businesses in markets across the economy

Key Terms

Demand, Supply, Price Discrimination, Elasticity of Demand, Producer, Consumer, Market Equilibrium, Market Structure

Macroeconomics

(The General Picture)

Its all about the...wider ECONOMY

Deals with the structure, behaviour and changes in the wider economy at national, regional or global level

Key Terms

GDP, Interest Rates, Unemployment, National Income, Inflation, Exchange Rates, Fiscal/Monetary Policy