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Scarcity opportunity cost, and Basic Tasks of an Economy

1. Scarcity: productive rescurces (land, labor, capital technology, etc). are limited.
human wants are unlimited.
Fundamental economic problem = scarcity the imbalance between limited means and unlimited wants.
Economics studies how people make choices about using scarce resources to satisfy their want.

2. opportunity cost
. Because of scarcity, choosing one option means giving up another valuable-alternative
. opportunity cost = the value of next best alternative sacrificed.

Example:
. Studying for an hour → giving up an hour of swimming
. Bying a bicycle → giving up buying speakers.

three basic Economic Questions.
1. what will be prodaced
2. How will goods and servises be produced?

3. for whom will goods and servises be produced
Determining distirbution.
Equal distirbution for all?
Based on wilingness and ability to pay?
special privileges for some groups?