

Natural resources are resources that occur in nature like air, soil, sunshine, water, iron, coal, and oil. Plants and animals are natural resources too.

Renewable resources are resources that can be replaced or renewed like wood, plastics, and rubber.

Nonrenewable resources are resources that cannot be replaced like oil, iron ore, copper, silver and gold. Once they are taken out of the ground, they cannot grow back or be replaced.

Human resources are the people who do labor. They work in many different kinds of jobs. They may make things, or help other people. Your teacher is a human resource. So are cowboys, carpenters, and clerks. Anyone who works is a human resource, but a machine is not a human resource.

Capital resources are made by people. They are used by people to make other things. They may also be used to do work or provide a service. Machines, tractors and tools are capital resources.

Before there was money, people had to **barter** to get what they wanted. To **barter** means “to trade”. In a barter system, items of equal value are exchanged back and forth.

An example of **economic trade**, or the barter system, is the United States buying oil from Mexico, and Mexico buying cars from the United States!

A **service** is work done for other people for a fee.

Goods are items that people buy, such as a book or a car..

Supply is how much there is of a good or service.

Demand is the demand or willingness of consumers to purchase or want a good or service.

Scarcity means that people want or need more of something than there is

A **consumer** is anyone who buys a good or a service.

A **producer** is anyone who makes or grows a good or performs a service.

Opportunity cost is the sacrifice that is made when a person chooses between two goods or services. The item that you don't pick is the **opportunity cost**.

Profit is the money that remains after all the costs of production have been paid.

A **loss** is when it costs more to make a good than what you sell the good for.

Specialization is when an individual, a business or even a country chooses to **specialize** or produce certain items, and relies on others to complete the other parts. People **specialize** in an economy in order to make more goods and services at a lower cost and earn more money.

Taxes are the money that the government collects from individuals and businesses to pay for public goods and services.

An **entrepreneur** is a person who comes up with a product or service, and finds the money and the time to produce this new product.

Voluntary exchange is when two people make an exchange and feel they are better off because of that exchange.

An **incentive** is something that encourages a person to take a certain action.