Are You Satisfied?

You Can’t Always Get What You Want

Economics is the study of how to meet unlimited, competing wants with limited resources. It is the process of deciding how to get the most with the least—obtaining the greatest satisfaction from the least amount of resources. For example, countries must decide how to meet their citizen’s wants with the resources available. Businesses must decide what products to produce and/or provide. Consumers must decide how to spend their incomes to get the goods and services they want.

What are wants? Wants are desires for things that may or may not be necessities. Your wants might include more friends, sunshine, a new pair of shoes, or an ice cream cone. Or you might want world peace, a higher allowance, or a haircut. It all depends on who you are. No matter what your wants might be, all wants can be divided into two categories: economic wants and noneconomic wants.
Where in the World Are the Resources?

Resources are items used to accomplish other activities, such as producing or providing goods and services. In economics, there are three categories of resources:

- **Natural resources**
  Natural resources are items found in the environment that are used to produce goods and services. Trees, air, and land are all natural resources. Trees can be used to produce paper products, air can be used to generate electricity, and land can be used to grow agricultural products.

- **Human resources**
  People are our human resources. In economics, they are valued for the physical and mental work that they do to produce services. Some examples of human resources are entrepreneurs, construction workers, drivers, and police officers. What other human resources can you think of?

- **Capital goods**
  Capital goods include all of the manufactured or constructed items that are used to produce goods and services. This includes the buildings, equipment, and machinery used to produce goods and services, along with the transportation systems used to provide access to the products.

▲ Having a picnic in the park would be a lot more difficult without all of the products we get from trees.
Think for a minute about a bookstore. The bookstore owner is a producer; s/he provides consumers with books, magazines, and newspapers. The store makes payments to book suppliers to obtain the store’s merchandise. In addition, the store employs individuals who provide human resources to sell the merchandise.

The bookstore earns an income by selling its goods to consumers. This income must be distributed among the bookstore owner, the book suppliers, and the employees. If any suppliers or employees decide that they are not being paid enough for their resources, they may stop providing their merchandise or labor to the bookstore. Without books and employees, the bookstore could not offer products. Therefore, the bookstore would cease production.

Let’s suppose, though, that the suppliers and employees are happy with their income. If the bookstore owner is not satisfied with his/her income or, worse yet, loses money on the venture, s/he may choose to go out of business. In that case, consumers could no longer purchase reading materials from the store. Consumption would cease.

▲ Next time you’re in a bookstore, think about all of the exchanges between producers, consumers, and resource owners that take place every day.