

CHAPTER 1: SECTION 3

Basic Economic Language

Goods and Services

- ▶ All things that people want can be classified as either **tangible** or **intangible**. Something that can be felt by touch is a tangible item, such as a book or a car. Something that cannot be felt by touch is **intangible**. Friendship is intangible, as are knowledge and experience.
- ▶ A **good** is anything that satisfies a person's wants or brings satisfaction.

- ▶ A good can also bring a person satisfaction or happiness, or **utility**. The term **disutility** is used to describe something that brings dissatisfaction or unhappiness.
- ▶ Another example of a tangible good is a service. **Services** are tasks that you pay other people—such as doctors, hair-stylists, or car mechanics—to perform for you.

Resources

- ▶ Goods and services cannot be produced without resources.
- ▶ The resources used to produce goods and services fall into the following categories: land, labor, capital, and entrepreneurship.
 - **Land** includes all the natural resources found in nature. An acre of land, mineral deposits, and water in a stream are all considered land.
 - **Labor** refers to the physical and mental talents that people contribute to the production of goods and services.

- **Capital** is the produced goods that can be used as resources for further production. Factories, machines, and farm tractors are capital.
 - **Entrepreneurship** is the special talent that some people have for searching out and taking advantage of new business opportunities and for developing new products and new ways of doing things.
- ▶ What is the difference between entrepreneurship and labor? Entrepreneurship is different from labor in that the ordinary mental and physical talents of people are considered labor. The special talents and methods unique to an individual describe entrepreneurship.