



Basic Economic Problems

The Three Economic Questions

Three Economic Questions

- Businesses and societies choose to use their resources by answering the three key Economic Questions.

1. What goods and services should be produced?
2. How should these goods and services be produced?
3. Who consumes these goods and services?



1. What goods and services should we produce?



Or



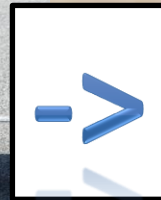
This is based on our needs and wants

2. How should goods and services be produced



- What resources are we going to use to make something
- Need to combine our land, labor, and capital in the most **efficient** way

3. Who consumes the Goods and Services



- Who Gets what?
 - Should we all get the same of something? Should some get more? Should some get less?



Basic Economic Problems

Economic Goals of Society

1. Economic Efficiency



- Don't waste things

2. Economic Freedom



- Let people spend the money the way I want to
and work where I want to.

3. Economic Security and Predictability



- People want to make sure they have their needs met.
- Income

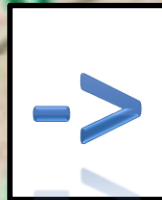
4. Economic Equality



- Is it fair if I work more and get less?

5. Economic Growth and Innovation

- Need to find new ways to make more money and get new things
- More people means more jobs, good, etc. are needed



6. Additional Goals



- Protecting environment, free health for all, etc.
- When societies choose to meet an economic goal there is always a trade-off.