

# STRAND 1: RESOURCES ALLOCATION VIA THE MARKET SYSTEM

## Sub - Strand 1: - Basic Economics Concepts:

### **A: Basic Economic Concepts:**

Students should be able to answer the following learning outcomes:

a. Basic Economic Concepts		Skill Level
Basic Economic Concepts.	i. Define Economics.	1
	ii. Define Needs.	1
	iii. Define Wants.	1
	iv. Differentiate between Needs and Wants.	3
	v. Discuss the different Types of Needs and Wants of Individuals.	4
	vi. Explain how the Needs and Wants of Individuals change over the years.	3
	vii. Discuss why the Needs and Wants of Individuals change over the years.	4
	viii. Define Unlimited Needs and wants.	1
	ix. Give a Reason for the existence of Unlimited Needs and Wants.	1
	x. List the Reasons for the existence of Unlimited Needs and Wants.	2

#### **WHAT IS ECONOMIC?**

- Is the study of how to use wisely our limited resources to satisfy our unlimited needs and wants.
- OR**
- Is the study of how we use wisely our limited resource to satisfy our everyday needs and wants.

**NEEDS:** - things that we must have in order to survive for example: food, shelter etc.

**WANTS:** - things that we can live without for example a new shoe, television set, a new dress etc

**Note the difference:** between the two definitions. Needs are those things that we cannot live without.

However, wants are those things that we can live without. This means we do not really have to buy them because we would still live even if we didn't have these things.

#### **RESOURCES are FACTOR OF PRODUCTIONS:**

- are things available to produce goods & services such as land, oil, minerals, machinery etc.

Resources are scarce to satisfy everyone's needs and wants.

Resources are classified into renewable or non-renewable resources.

- 1) **Renewable resources:** - are resources that can be naturally replaced/ reproduced such as fishes, sheep etc... or replanted such as trees.

- 2) **Non-renewable resources:** - are resources that cannot be replaced/reproduced/replanted once they are used up, they gone forever. For example, if catches fish species are over-fished to a point where they cannot reproduce quickly enough/ cannot replant the trees after we cut it down.

**NEEDS:** - things that we must have in order to survive for example: food, shelter etc.

**WANTS:** - things that we can live without for example a new shoe, television set, a new dress etc

**Note the difference:**

- between the two definitions. Needs are those things that we cannot live without. However, wants are those things that we can live without. This means we do not really have to buy them because we would still live even if we didn't have these things.

**Types of Needs and Wants of Individuals.**

**Needs**



**Wants**



**Factors that cause changes to needs and wants of individuals**

- Culture and Tradition
- Age
- Gender
- Religious Belief etc....

**i. Culture and Tradition**

- Culture change is changing in behaviours, ideas including beliefs, attitudes.

- For example, Palangi people have different behaviours such the way they talk and dress up.
- As for tradition such as wedding Palangi people only invite 20 people as a guest for their wedding
- While Tongan people also have different behaviours such as the way they clothe and talk has to be very respectful
- When it comes to Tongan tradition, they invite people 70-1000 people as a guest for their wedding.

**ii. Age**

- Age change is changing in the way they dress up, food test etc... For example, needs and wants of a baby will be different form the needs and wants of teenage, as baby only needs a bottle of milk for food and want toys while teenage need food such as bread and butter and want a laptop and school bag.

**iii. Gender**

- Needs and wants will be depending on gender. For example, if you're a boy your needs and wants will be quite different from the girls need and wants.

**Needs and Wants of Individuals change over the years.**

- Needs are the things, that we must have for life and does not change with time.

- Wants are those items or things, that are desired by an individual/people either right now or in future. So, this is how individuals want change over the years: Example, this year 2022 Mele want to have new iPhone, next year Mele want a new shoe. **(Remember there is always an unlimited wants)**

**Unlimited Needs and Unlimited wants**

- We never get enough of what we have because there is always something else that we need or want.

**List the Reasons for the existence of Unlimited Needs and Wants.**

- Never get enough of what we have

- When new wants arise

- No one can have an endless/unlimited supply of everything (Limited resource)

**Exercise:**

**In your own understanding read carefully and answer the questions that follow.**

1. Define economics?

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2. Explain why is it impossible to supply all your needs and wants?

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3. Differentiate the different between the following terms:

i. Needs and wants

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ii. Renewable and Non- Renewable

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4. List any example of needs and wants that you know apart from the example listed in the above note.

Needs:

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Wants:

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### **SPELLINGS**

**Make sure that you are able to pronounce and spell each word that provided in the box below, also write the meaning of each word in the right column of the box.**

<b>WORDS</b>	<b>MEANING</b>
1. Wisely	
2. Limited	
3. Resources	
4. Satisfy	
5. Unlimited	
6. Survive	
7. Shelter	
8. Culture	
9. Tradition	
10. behaviours	
11. Attitude	

12. Gender	
13. Belief	
14. Individuals	
15. Existence	
16. Minerals	
17. Reproduce	
18. Replant	
19. Machinery	
20. Renewable	

**Notes:**

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