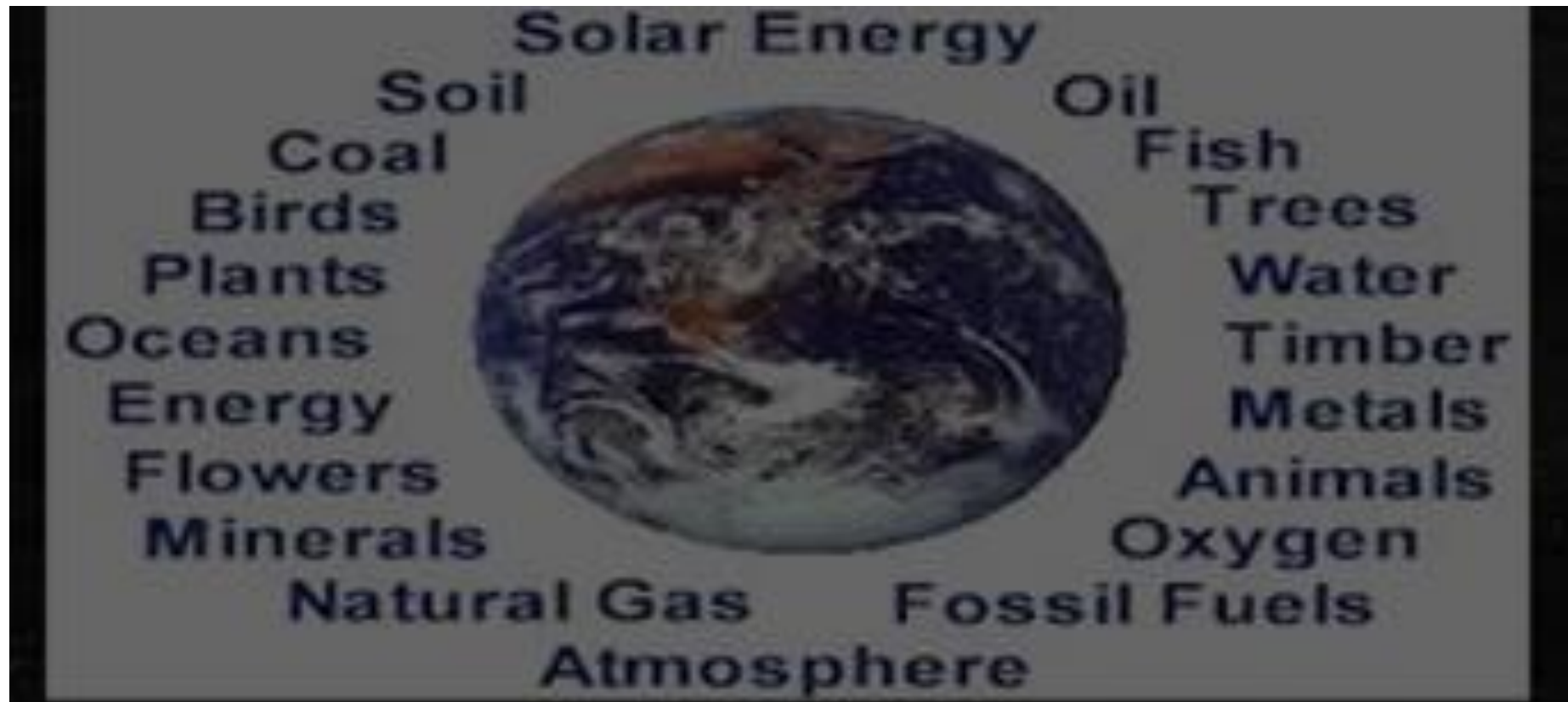


What are the four factors of production?

- The resources of land, labor, capital, entrepreneurship used to produce goods and services.

Land

- Land: Natural resources present without human intervention
 - Example: surface land and water, fish, animals, forests, mineral deposits



Labor

- Human effort directed toward producing goods and services
 - Goods: tangible objects that can satisfy peoples wants and needs
 - Services: Actions that can satisfy peoples wants and needs



Capital

- Previously manufactured goods used to make other goods and services
 - Stuff made to make new stuff
 - Examples- Machines , building and tools are called capital goods because they can be used to make other consumer goods.
 - Capital are used to increase productivity
 - Productivity: the amount of output (goods and services) that results from a given level of inputs (factors of production)



Entrepreneurship

- The ability of risk taking individuals to develop new products and start new businesses in order to make profits.
 - Entrepreneurship is what drives the American economy and how the other three factors of production are organized to efficiently produce goods and services.
 - Examples: Steve jobs, Bill Gates, Andrew Carnegie, George Jenkins.