

Economizing problem - the fundamental issue that arises for a society out of the relative scarcity of goods and services compared to the demand for them by consumers. Solving the economizing problem for a business involves making decisions about how best to allocate four basic types of resources to those demanding them given the company's objectives. Also appears the problem of the **opportunity cost** of a choice - the value of the best alternative forgone, in a situation in which a choice needs to be made between several mutually exclusive alternatives given limited resources. The following are the **four basic types of economics resources**:

- 1) Land – natural resources such as iron ore, gold, diamonds, oil, etc.
- 2) Labor – human resources such as wage-earning workers
- 3) Capital – plants and equipment used in the production of final goods, such as assembly lines, trucks, heavy duty machinery, factories, etc.
- 4) Entrepreneurship – the marshaller of resources, the person or group that marshals resources in the production of final goods (Bill Gates, Steve Jobs, Henry Ford, etc.)

Ceteris paribus or caeteris paribus is a Latin phrase, literally translated as "with other things the same," or "all other things being equal or held constant."

Productive efficiency means that resources are put to the best use possible and produced as much as possible, and **allocative efficiency** means that the right share of resources is being devoted to the some good versus other goods in the economy.

Consumer sovereignty is the assertion that consumer preferences determine the production of goods and services.