
Vocabulary

- **Capital:** Goods produced and used to produce other goods and services (physical capital, not financial capital).
- **Cost:** What one gives up when deciding to do something. Referring to production, a payment for productive resources.
- **Entrepreneur:** A person who is an innovator and takes the financial risk of organizing resources for production of goods or services in order to make a profit.
- **Entrepreneurship:** The resource (factor of production) provided by people who organize other productive resources to produce goods and services.
- **Factors of Production:** Land resources (natural), labor resources (human), capital goods (physical capital) or entrepreneurial resources available to produce goods and services. Also called “productive resources.”
- **Interdependence:** When people, firms or regions depend on each other for production or satisfaction of wants because of specialization or division of labor.
- **Labor:** Human effort used to produce goods and services. Also called “human resources,” “human capital” or “skills and knowledge.”
- **Land:** Resources found in nature. Resources that are present without human intervention. Also called “natural resources.”
- **Producer:** A person or business using factors of production to produce goods and services.
- **Production:** The act of using resources to make goods and services.
- **Resources:** The factors of production, or resources, for producing goods or services.
- **Substitutes:** Two or more goods or services that can satisfy the same want.