This is the reason for the existence of this subject. In reality most resources are scarce. Similarly individuals and nations have unlimited wants.

**Scare Resources**

There are only a limited number of resources such as workers, machines, factories, raw materials etc. Yet there are a number of different ways in which they could be used.

Can you think of some different uses for oil?

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Similarly people only have a limited amount of money. Yet they have lots of **needs** and **wants** to satisfy.

List your top three needs and wants:

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Also the UK Government has a limited amount of money and so therefore is unable to satisfy all its wants.

Which do you feel is the most important? Why?

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**THE BASIC ECONOMIC PROBLEM** – the problem arises because resources are **scarce**, but human wants are **unlimited.**

**Answer the following question in your notebook in paragraph form**

***What is the difference between needs and wants?***