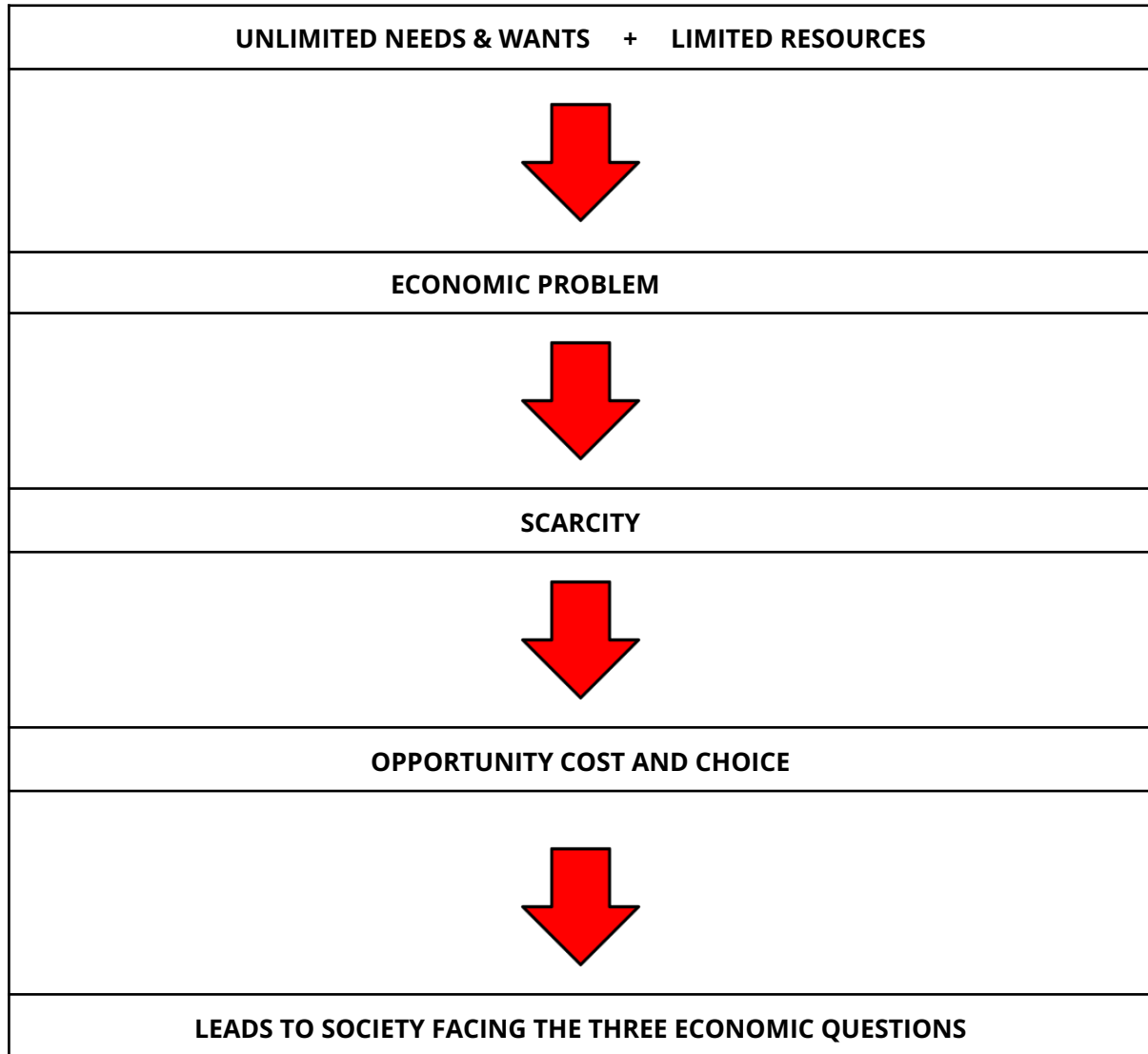


3. the economic decision-making process (The three economic questions)



As a result of relative scarcity, choices have to be made. There are a number of big choices that every society has to make.

Big questions

1. What to produce – what goods and service will be made?
2. How to produce – what resources will be used to make goods and services?
3. For whom to produce – who gets to consume and benefit from the goods and services?

The Three Economic Questions (in a bit more detail):

a. What to Produce?:

- Because resources are scarce, societies must decide which goods and services to produce. This question arises because it's impossible to produce everything people want..

b. How to Produce?:

- Given that resources are limited, it becomes crucial to determine the most efficient and cost-effective methods for producing the chosen goods and services.
- Decisions about production methods, technology, labour, and capital utilisation directly address the scarcity issue by striving to maximise output with the available resources.

c. For Whom to Produce?:

- Scarcity also leads to questions about the distribution of goods and services among the members of society. Since resources are insufficient to meet everyone's needs, choices must be made about who gets access to what.
- This question revolves around issues of equity, fairness, and the allocation of income and wealth. Societies must decide whether distribution will be based on ability to pay, need, or some other criteria.

More on this in dot point 6

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