

MIND MAP-Factors of Production

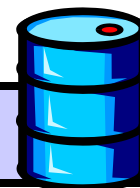
Economic theory- themes across the syllabus

4 Factors of Production



enterprise

land



capital



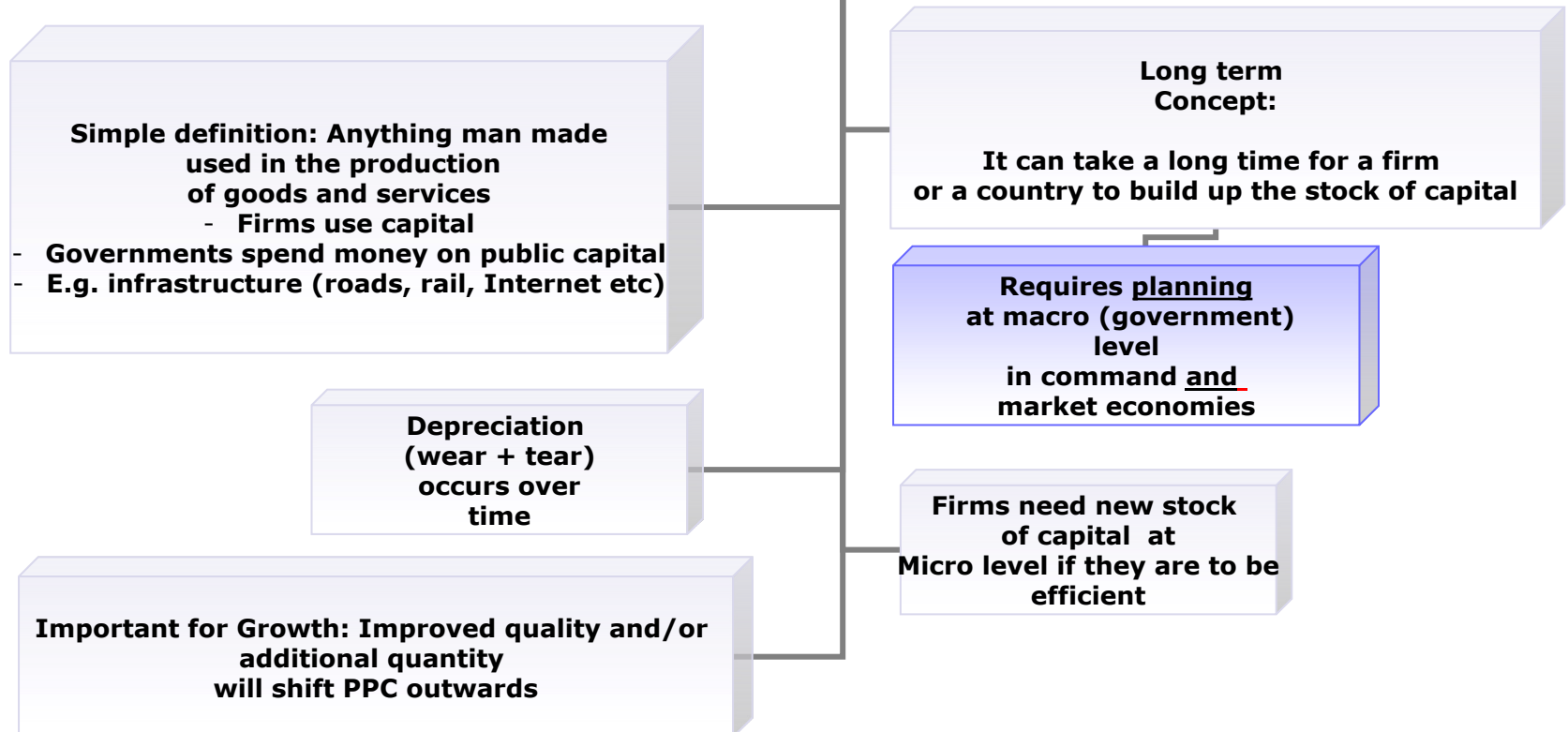
labour



Web note 112: MIND MAP-Factors of Production

Economic theory- themes across the syllabus

Capital (income = interest)



Webnote 007

Labour Income = wage

- **Specialisation**
= (division of labour)
- Increased quantity + quality
For firms. This then..
- Shifts PPC outward

Economies of scale
(size of firm):
(improves specialisation +
This results in:)

- Higher productivity
- Lower unit cost for firms

Division of labour
(Adam Smith)
• 'Wealth of Nations'
• 18th C economist

Trade unions

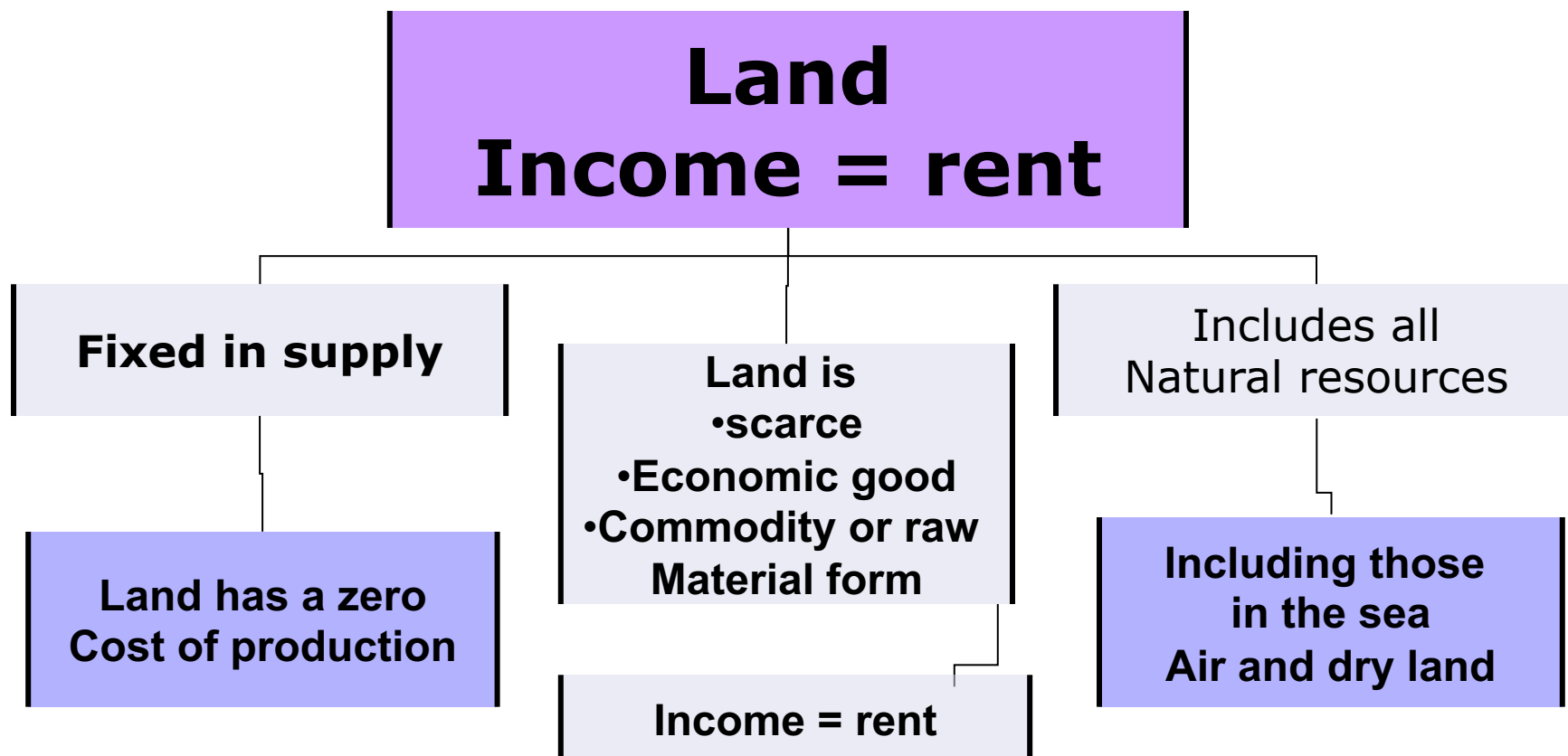
Conflict with employers

Trade unions: what do they want?

- **Higher wages**
 - **Longer vacation**
 - **More benefits**
 - **Firms face higher costs**
 - **Higher prices**
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- **Conflict often occurs between firms and unions:**
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- **The following factors improve the**
 - **Output/productivity of labour**
 - **Labour mobility**
 - **Division of labour**
 - **Education**
 - **Wages**
 - **Living conditions**
 - **capital**

Economic theory- themes across the syllabus

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Economic theory- themes across the syllabus

Enterprise:
This is central
To capitalism
Income = profit (or loss?)

Risk taker

Profit or loss?

(decides)
What to produce?

(decides)
How to produce?

Firm is a resource
allocator

Centre of capitalist or
Market
System
And central to this
Ownership of property
And the right of individual
to earn profits

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- Bibliography
- Anderton, Economics a New Approach pp 274-288.

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