

Economic resources



AQA A Level Economics Revision Notes

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- Economic resources are the factors of production. These are land, labour, capital and enterprise.
- The factors of production (CELL):

Factor	Description	Reward/Incentive
Capital	Physical: goods which can	Interest from the
	be used in the production	investment
	process Fixed: Machines;	
	buildings Working:	
	finished or semi-finished	
	consumer goods	
Entrepreneurship	Managerial ability. The	Profit- an incentive to take
	entrepreneur is someone	risks
	who takes risks,	
	innovates, and uses the	
	factors of production.	
	Resources are drawn	
	together into the	
	production process.	
Land	Natural resources such as	Rent
	oil, coal, wheat, water. It	
	can also be the physical	
	space for fixed capital.	
Labour	Human capital, which is	Wages
	the workforce of the	
	economy.	

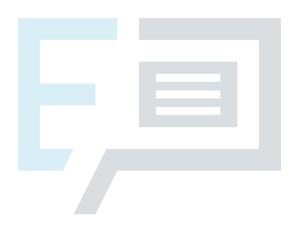
The environment is a scarce resource. There are only a limited amount of resources on the planet. These are made up of renewable and non-renewable 2024 Exam resources.

Renewable and non-renewable resources:

- Renewable resources can be replenished, so the stock level of the resources can be maintained over a period of time. For example, commodities such as oxygen, fish, or solar power are renewable assuming the rate of consumption of the resource is less than the rate of replenishment. If the resource is consumed faster than it is renewed, the stock of the resource will decline over time.
- This is important in environmental economics, and can be managed by preventing or limiting deforestation, or imposing fishing quotas. Renewable resources are sustainable. However, currently, resources are being consumed faster than the



- planet can replace them. The Worldwide Fund for Nature claims that two planets will be required to meet global demand by 2050 if this continues.
- Non-renewable resources cannot be renewed. For example, things produced from fossil fuels such as coal, oil and natural gas are non-renewable. The stock level decreases over time as it is consumed. Methods such as recycling and finding substitutes, such as wind farms, can reduce the rate of decline of the resource.



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