

Info Sheet 1

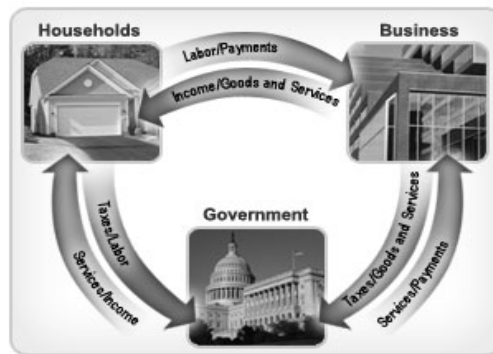
Taxes Shift Resources

Theme 1: Your Role as a Taxpayer
Lesson 1: Why Pay Taxes

Resources are factors needed to produce goods and services. Resources can be used to produce private goods and services for individuals and businesses. Or, they can be used by the government to provide public goods and services.

There are three groups of resources:

- **Natural resources** are production materials that occur in nature such as land, oil, and water.
- **Human resources** are the people who work to produce goods and services.
- **Capital resources** are production factors such as tools, machines, and factories.



Because resources are limited, there are never enough to meet every need or want. If resources are used one way, they cannot be used another way.

Opportunity cost is the economic term used to identify what has been given up when a choice is made. For example, young people enlisted in the armed services cannot be in the labor force producing private goods and services. The private goods and services not produced by these young people is the opportunity cost.

Taxes shift resources from private individuals and businesses to the government. Taxes also reduce income that would otherwise be available to individuals for savings, investments, and the purchase of goods and services for their personal use.