

Economics



Question:

~What is Economics?

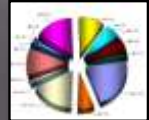
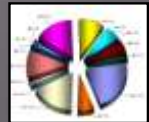


Economics is the study of
production and
distribution

Economics is a Social
Science, in other words it's
a science that effect society

Macro economics-

Focuses on the big
picture, global and
national economic
performance,
unemployment,
inflation, deficits



Macro economics will ask questions like:

- ~How much should I manufacture
- ~Should I downsize my firm
- ~Should I go into a foreign market



Micro economics deals with-

- ~How prices are set,
- ~ How wages are
determined,
- ~how rents are determined,



Micro economics deals with-

~why the government is sometimes forced to regulate markets.

~The day to day of money

~Small business

Micro economics make up the Macro economy.



A few basic economic concepts:



1) Economics assumes people make rational decisions. They will make the smarter more sensible choices.



2) People have preferences. People know what they like and will make choices accordingly



3) People's choices and preferences will form transactions in the market place (Labor products, and services)



4) Economic activities occur in the marketplace. Markets are places where goods and services are sold. Markets are physical (The Mall) and non-physical (cyberspace)



5) To function a market needs a medium to set price. That medium is MONEY.



Money = a medium of exchange, with an agreed standard of value.

Question:

What kinds of things have been used for money?

Do you think money will always be the medium of exchange?



Economic Organization

Economies are organized in three different ways:



1) Market Economy



~Consumers and business decide what to produce and purchase in the Market place.

~This is also called a
“Laissez-Faire” (lay-zay-
fare) economy. It’s French
for “allowed to do”

~Limited Government/
Powerful private sector



Question:



*Is there any
problem with the
“Laissez-Faire”
economy?*

2) Command Economy

~The government chooses
what is produced, and in
what amounts.

~This is closely associated
with communism, and
socialism

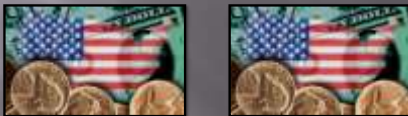
Question:

*What countries
are currently
practicing a
command
economy?*



3) Mixed Economy

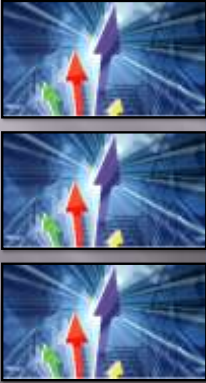
~Both market forces &
Government decisions
determine which goods and
services are produced.



~In general market forces
determine goods & services

~The Government plays a
role by collecting taxes, and
distributing money.





~Also the government will set economic regulations and tariffs.



Question:

Can anyone think of way that government intervoenes in a positive way economically speaking?