

Aim What is economics?

- **Economics**

- Study of how societies individuals, governments, families, businesses, etc. deal with the condition of scarcity

- **Scarcity** – condition of there being not enough resources to satisfy our wants.

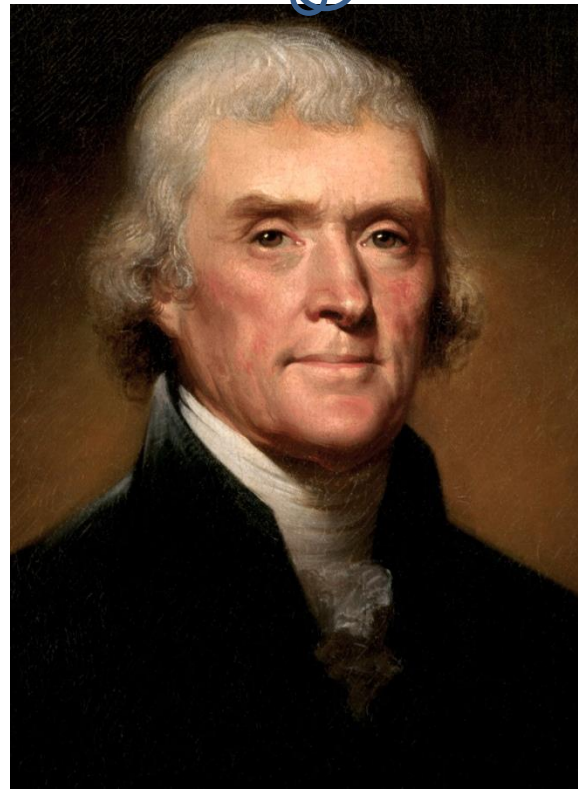
- **Economy**

- how a society/country/area tries to satisfy its wants with limited resources.

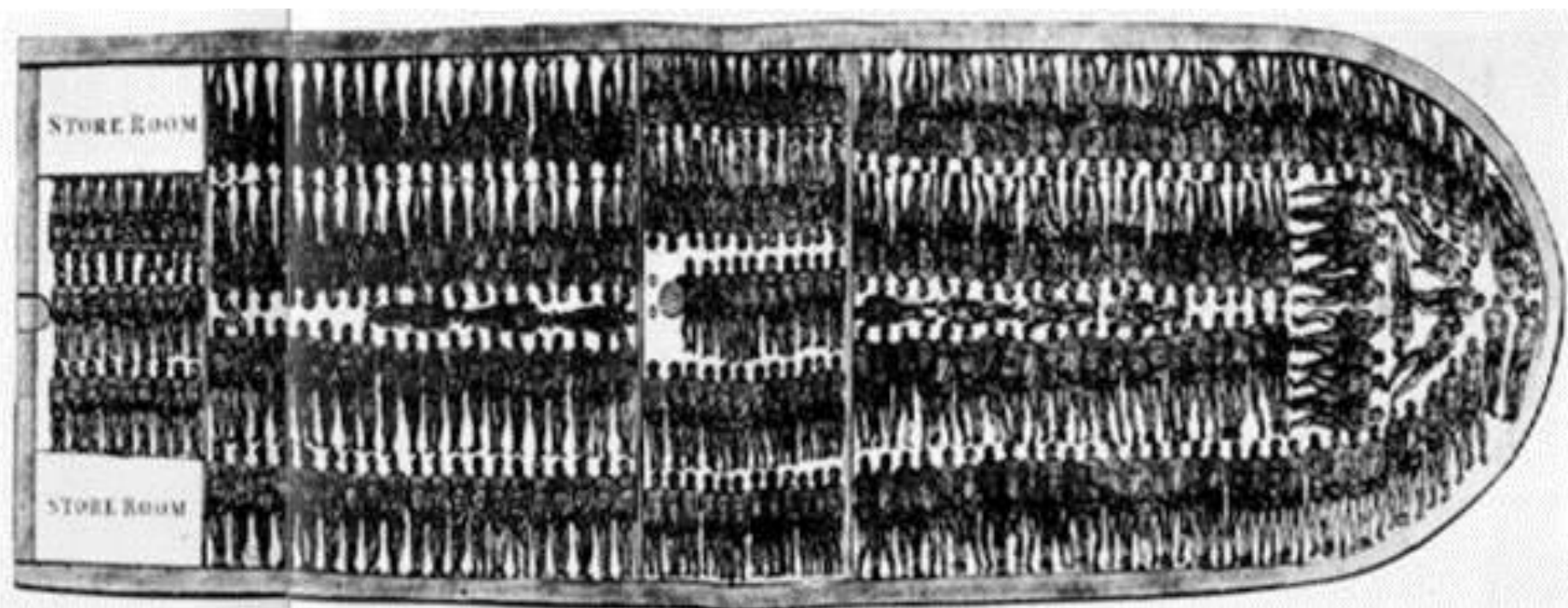
- **Economize**

- trying to get the most out of your resources in order to satisfy your wants.

Hmm – I want our country to be a land of small farmers but I look at the map and we are running out of room. I also would like to produce more crops at Monticello so I can pay for my expensive habits but I don't have the resources to do so. Oh dear!







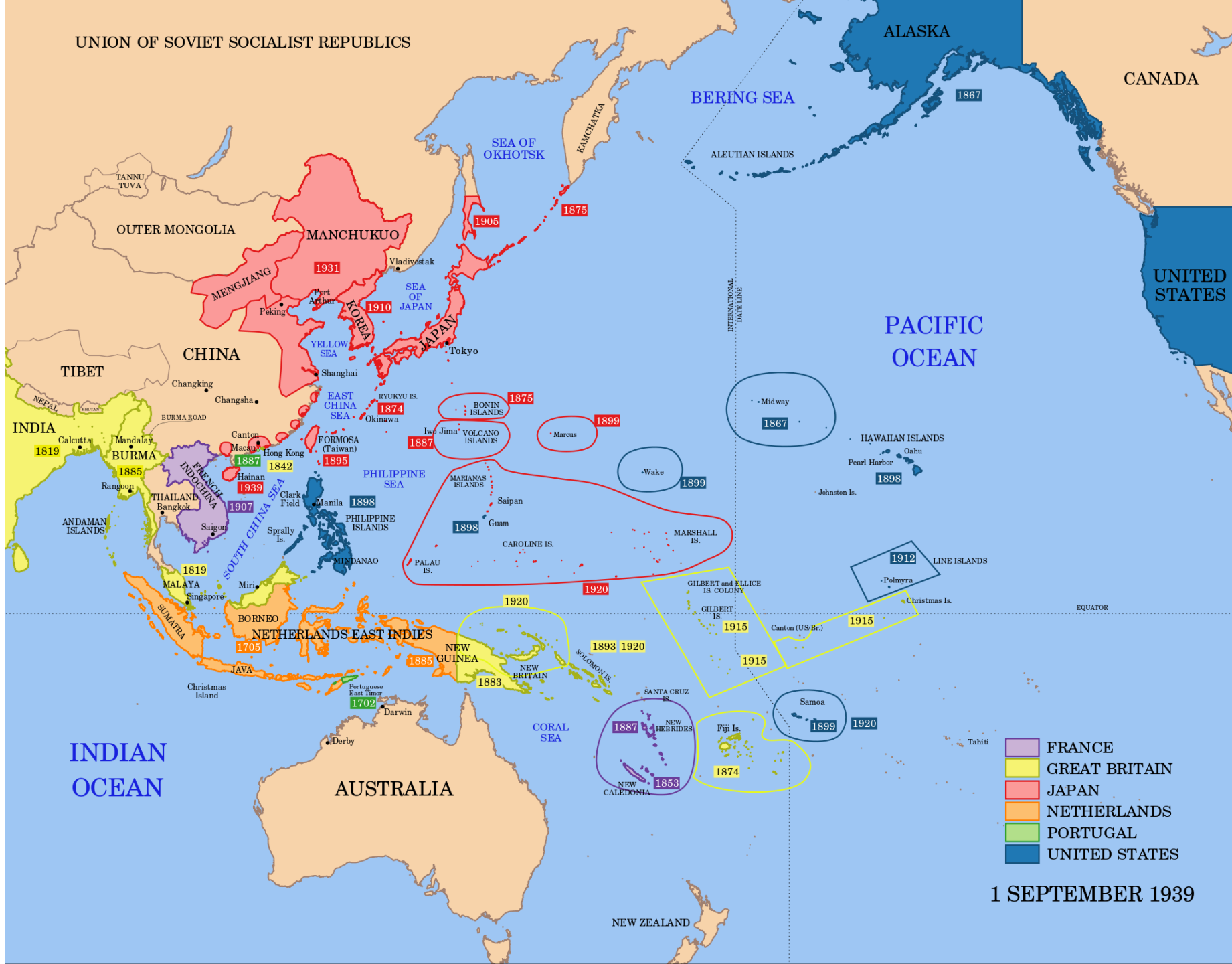
We Can Do It!



POST FEB. 15 TO FEB. 28



WAR PRODUCTION CO-ORDINATING COMMITTEE



1 SEPTEMBER 1939

Economic Systems

- Market Economy
- Traditional Economy
- Command Economy

Three Economic Questions

What will be
produced?

How will it be
produced?

Who will receive
what is produced?

What will be produced?

eg. Command Economy



How will it be produced?

eg. Traditional Economy v. Market Economy



Who will Receive What is Produced?

Market v. Command



Key Characteristics of a Market (Free Enterprise, Capitalism) - Economy

- Freedom of Enterprise
 - Right to enter a business of your choosing
 - Enterprise - a business or company.
- Private Property
 - Right to own property and do what you wish with it
- Profit Motive
 - Acquisition of wealth drives decisions made by businessmen

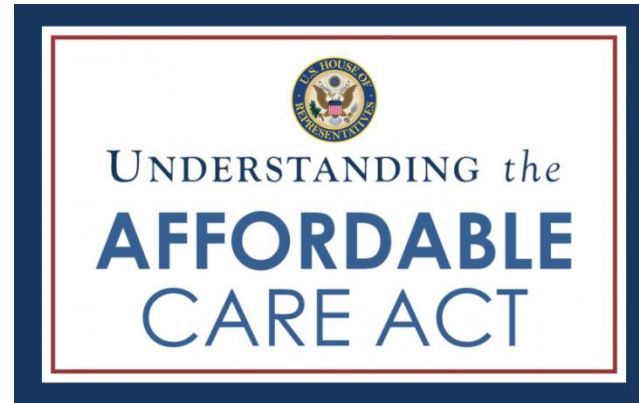
Key Characteristics of a Market (Free Enterprise, Capitalism) – Economy (cont.)

- Consumer Sovereignty
 - What businesses produce is based on what consumers want and are willing to pay for
- Competition
 - Many businesses in the same industry.
Encourages innovation, lower prices

SOCIALISM

- Private ownership of Land and businesses.
- Government owns or controls some major industries and provides certain key services (healthcare, education), and provides extensive “safety net”

Is the United States a Market Economy?



Answer?

Sort of - More accurately it is a **Mixed Economy**.

Mixed Economy

an economic system combining private and public enterprise.

Mixed Economy

- an economic system combining private and public enterprise.