

# THAME

- ECONOMICS

# WHAT IS ECONOMICS?

# Economics

a social science that deals with the study of the allocation of scarce resources among unlimited and competing uses to satisfy human needs.

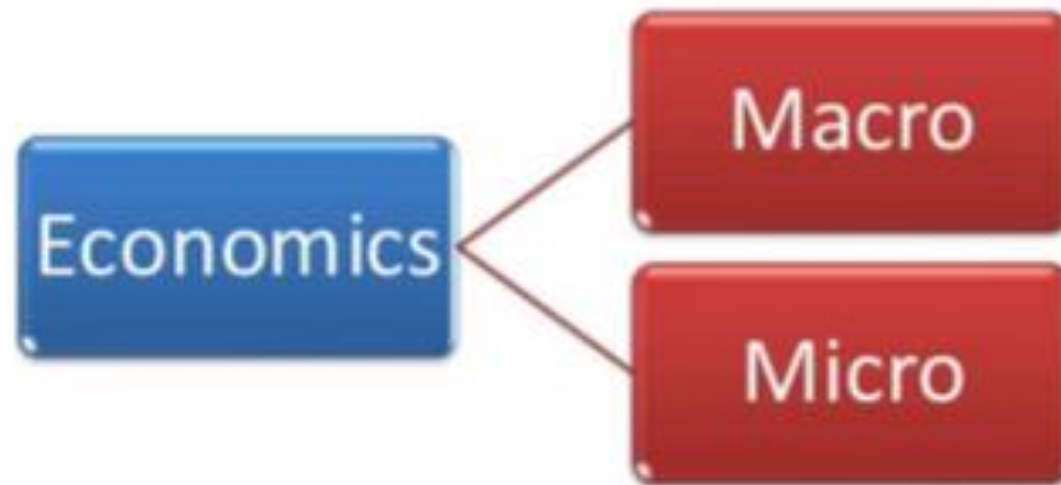
# **1) Economics and 2) Economy**

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- 1. The study of how people choose to use their limited resources to satisfy their unlimited wants.**
- 2. A system used to manage limited resources for the production, distribution, and consumption of goods and services.**

**1. Micro looks at decisions made by individuals, households, and businesses**

**2. Macro focuses on the workings of the economy as a whole.**



# Economic system

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A structure of governance that **deals** with the different **economic activities** to **answer** the basic **questions** on the **needs** of the **economy**.

# Economic systems

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# Traditional Economy

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## EXAMPLE:

- A farmer engaged in the production of rice did exactly what his father did when he was also planting rice before.
- Does not require progress
- Using methods used by his ancestors



# Market Economy

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**MARKET**

Arrangement between the  
**SELLERS** and the **BUYERS**  
to make a **TRANSACTION.**



# Market Economy

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**Indicator:**

**CONSUMER'S  
DEMAND**

**HIGH PRICE = In demand  
= increase production**

**LOW PRICE = not in  
demand = decrease  
production**

# Command Economy

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All economic activities  
are planned by  
authority.



# Command Economy

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- **Government owns and controls all factors for production.**
- **Individual preferences are not considered**

## **PRINCIPLE:**

- **Interests of society should prevail over that of the individuals.**



- **THANK YOU FOR ATTENTION**