

MACROECONOMICS

ECO 201

Week 1 - What Is Economics? & What is Capitalism?

WHAT IS ECONOMICS?

And what
do we
know
about it?

WHAT IS ECONOMICS?

Pause and make some notes for yourself
Take at least 3 minutes

1. What is Economics?
2. What makes Economics different from Political Science or Sociology?
3. What are some examples of questions Economists might ask?
4. What types of data do Economists look at?

WHAT IS ECONOMICS?

Learn the Language of Power (Chang 2019)

While watching, notice:

1. What surprises you?
2. What do you like?
3. What do you already know?
4. What do you disagree with?

WHAT IS ECONOMICS?

Learn the Language of Power! (Chang 2019)



Image Source: (University of Cambridge, 2019)

WHAT IS ECONOMICS?

Learn the Language of Power (Chang 2019)

What did you notice:

1. What surprised you?
2. What did you like?
3. What did you already know?
4. What did you disagree with?

Pause and make some notes for yourself
Take at least 3 minutes

WHAT IS ECONOMICS?

“Economics is the study of the way people organize themselves to sustain life and enhance its quality” (Goodwin, Nelson, and Harris, 2019, 3).

“Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses” (Robbins, 1932, 16).

WHAT IS ECONOMICS?

For the purpose of our class,

Economics is the study of economies.

where

an economy (or economic system) is a particular solution to

1) an allocation problem

&

2) a production problem

WHAT IS ECONOMICS?

For the purpose of our class,

Economics is the study of economies.

where

an economy (or economic system) is a particular solution to

1) an allocation problem – who gets what?

&

2) a production problem – what do we make and how do we make it?

WHAT IS ECONOMICS?

For the purpose of our class,

Economics is the study of economies.

where

an economy (or economic system) is a particular solution to an allocation problem & a production problem

Micro: this experience at the individual or household level

Macro: this experience at the community or national level

WHAT IS ECONOMICS?

Production Questions

Allocation Questions

Micro

What do you make?

What do you use to make it?

What do you consume?

How do you get what you use?

What do you do with what you have?

Macro

What do we make?

What institutions support the stuff we make?

What is the unintended impact of what we make?

What resources do we use?

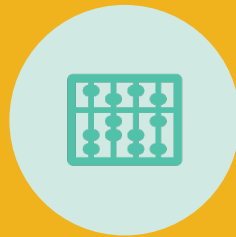
What institutions are in place to facilitate distribution?

Are their patterns to who gets what?

WHAT IS ECONOMICS?



SCARCE



FINITE



EFFICIENT



ATTAINABLE

WHAT IS ECONOMICS?

Scarce – An insufficient quantity available (supplied) to cover all uses (demands) at a particular price level

Finite – Having a relevant, but not necessarily pressing, limit

Efficient – Generating the most output for the least amount of input

Attainable - A quantity of output of (a) good(s) that can be produced with presently available resources

WHAT IS CAPITALISM?

most
prevalent
economic
system
today

WHAT IS CAPITALISM?

Capitalism is an economic system characterized by private property, markets, and firms.

OR

Capitalist societies solve production and allocation decisions with private property, markets, and firms.

WHAT IS CAPITALISM?

Capitalism is an economic system characterized by:

- 1) private property**
- 2) markets &**
- 3) firms.**



INSTITUTIONS

WHAT IS CAPITALISM?

Capitalism is an economic system characterized by:

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- 2) markets &**
- 3) firms.**

THE CONCEPT THAT THINGS ARE OWNED BY PEOPLE, ENFORCED BY OTHER INSTITUTIONS

WHAT IS CAPITALISM?

Capitalism is an economic system characterized by:

- 1) private property
- 2) markets &
- 3) firms.

THE CONCEPT THAT THINGS ARE OWNED BY PEOPLE, ENFORCED BY OTHER INSTITUTIONS

ownership : the right to decide how things are used and by whom

WHAT IS CAPITALISM?

Capitalism is an economic system characterized by:

1) private property

THE CONCEPT THAT THINGS ARE OWNED BY PEOPLE, ENFORCED BY OTHER INSTITUTIONS

2) markets &

METHOD OF TRANSFERRING OWNERSHIP OF GOODS AND SERVICES THAT IS VOLUNTARY, RECIPROCAL, and COMPETITIVE

3) firms.

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METHOD OF PRODUCTION WHERE COMMODITIES ARE MADE WITH PRIVATELY-OWNED CAPITAL GOODS BY LABORERS WORKING FOR A WAGE

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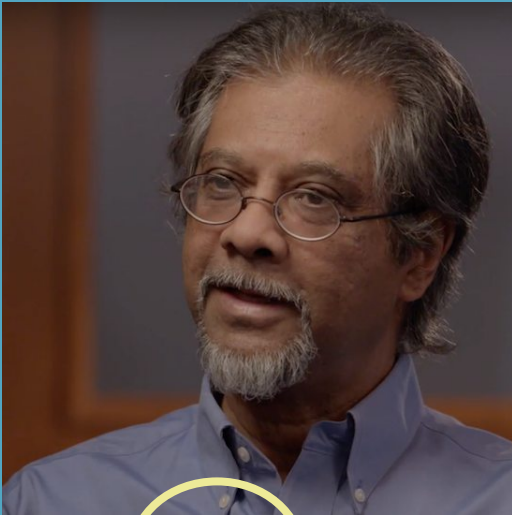
ownership : the right to decide how things are used and by whom

commodities : goods and services produced for the purpose of making a profit

capital goods : goods that make commodities

BEFORE CLASS NEXT MONDAY

1. WATCH SHAIKH (2020)



Anwar Shaikh is a Professor of Economics at The New School for Social Research and Associate Editor of the Cambridge Journal of Economics.

From many places including Pakistan and New York City.

2. READ @SYWTTA (2020)

@SYWTTA is an IG/TW/FB account run by one person who collaborates with others – this is literally all I know about this person

3. READ EISENBARTH (2020)

Argumentation (make sure its this one)

week 1

INSTRUCTIONS

**WEEKLY REFLECTION 1
DUE NEXT THURSDAY 02/11
AVAILABLE ON OPENLAB
WE WILL GRADE IN CLASS
YOU CAN CHANGE YOUR
ANSWERS BEFORE YOU TURN
IT IN ON BLACKBOARD**

week 1

REFERENCE LIST

Chang, Ha-Joon.(2016). Economics is for Everyone! *RSA Animate*. Retrieved from [https://www.thersa.org/discover/videos/rsa-](https://www.thersa.org/discover/videos/rsa-animate/2016/economics-is-for-everyone)

[animate/2016/economics-is-for-everyone](https://www.thersa.org/discover/videos/rsa-animate/2016/economics-is-for-everyone)

Goodwin, Neva, Julie A. Nelson, & Jonathan Harris. (2009). *Macroeconomics in Context*. Armonk, NY: M.E. Sharpe.

Robbins, Lionel. (1945). *An Essay on the Nature & Significance of Economic Science* (2nd ed.). London: Macmillan and Co., Limited.

University of Cambridge. (2019). Dr Ha-Joon Chang | Faculty of Economics. Retrieved September 2, 2019 from <http://www.econ.cam.ac.uk/people/faculty/hjc1001>