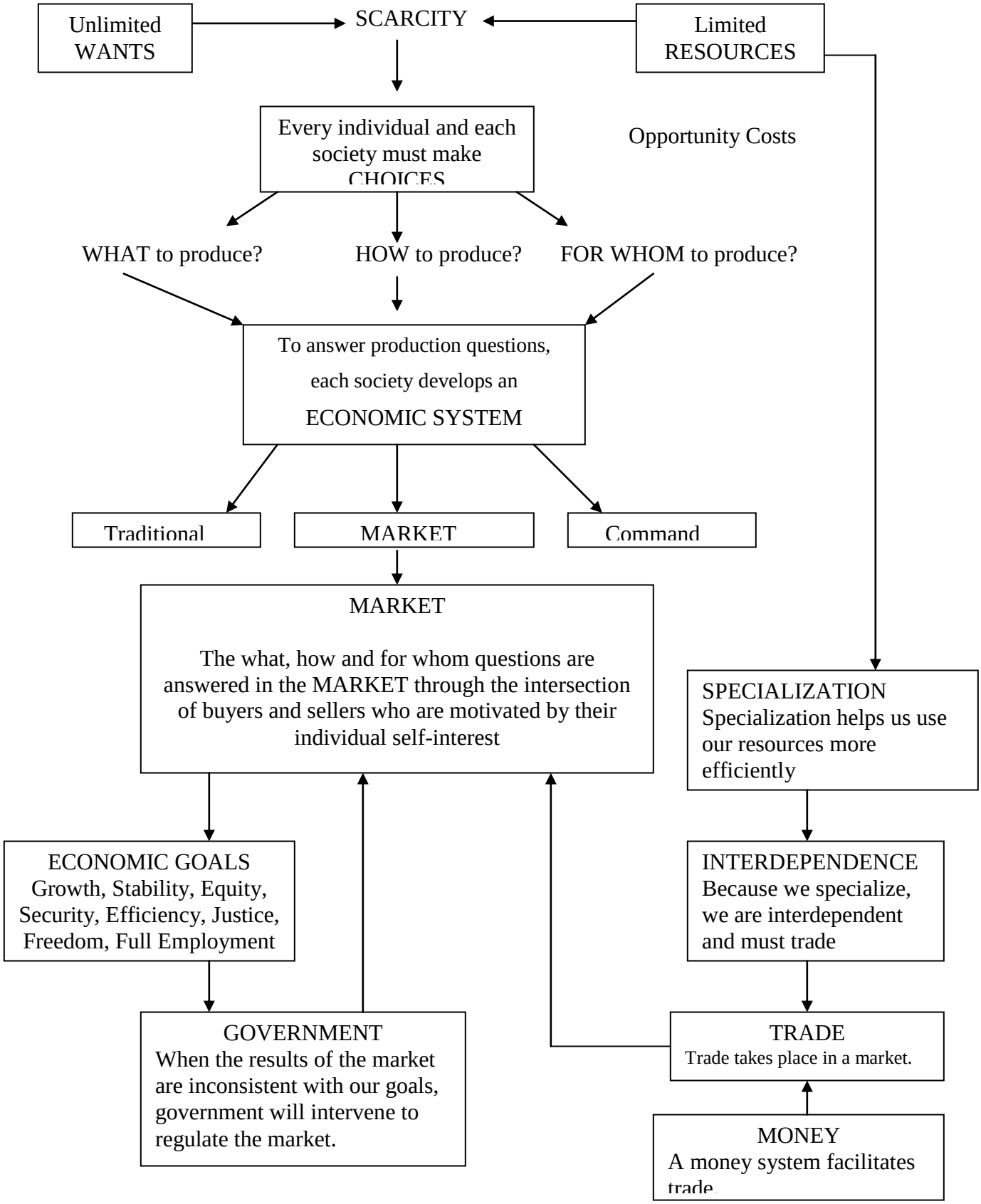
Unlimited WANTS
SCARCITY
Limited RESOURCES
Every individual and each society must make CHOICES
Opportunity Costs
WHAT to produce?
HOW to produce?
FOR WHOM to produce?
To answer production questions, each society develops an ECONOMIC SYSTEM
Traditional
MARKET
Command
MARKET
The what, how and for whom questions are answered in the MARKET through the intersection of buyers and sellers who are motivated by their individual self-interest
SPECIALIZATION
Specialization helps us use our resources more efficiently
ECONOMIC GOALS
Growth, Stability, Equity, Security, Efficiency, Justice, Freedom, Full Employment
INTERDEPENDENCE
Because we specialize, we are interdependent and must trade
GOVERNMENT
When the results of the market are inconsistent with our goals, government will intervene to regulate the market.
TRADE
Trade takes place in a market.
MONEY
A money system facilitates trade.