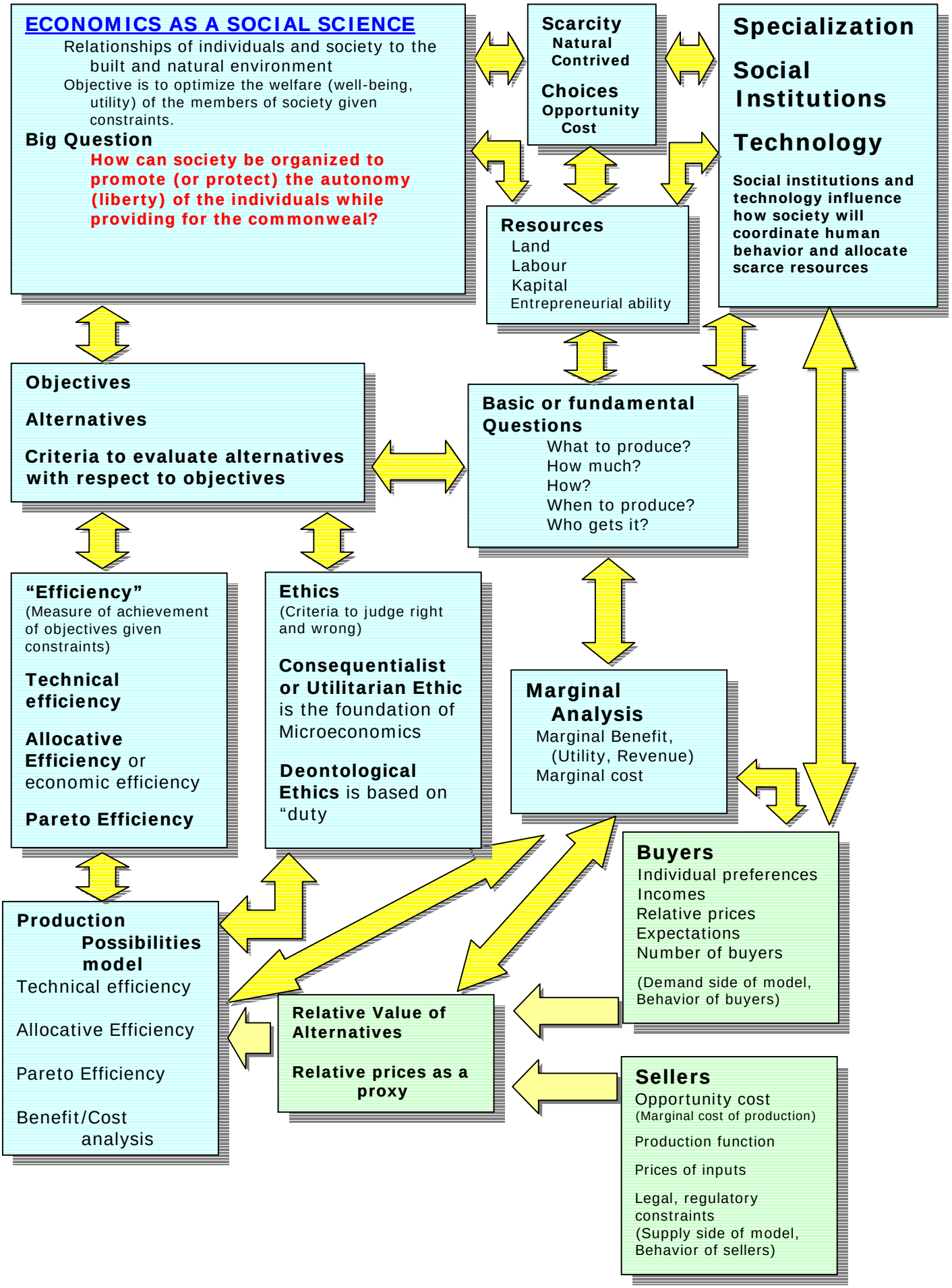
ECONOMICS AS A SOCIAL SCIENCE
Relationships of individuals and society to the built and natural environment
Objective is to optimize the welfare (well-being, utility) of the members of society given constraints.
Big Question
How can society be organized to promote (or protect) the autonomy (liberty) of the individuals while providing for the commonweal?
Scarcity
Natural
Contrived
Choices
Opportunity Cost
Specialization
Social Institutions
Technology
Social institutions and technology influence how society will coordinate human behavior and allocate scarce resources
Resources
Land
Labour
Kapital
Entrepreneurial ability
Objectives
Alternatives
Criteria to evaluate alternatives with respect to objectives
Basic or fundamental Questions
What to produce?
How much?
How?
When to produce?
Who gets it?
"Efficiency"
(Measure of achievement of objectives given constraints)
Technical efficiency
Allocative Efficiency or economic efficiency
Pareto Efficiency
Ethics
(Criteria to judge right and wrong)
Consequentialist or Utilitarian Ethic is the foundation of Microeconomics
Deontological Ethics is based on "duty
Marginal Analysis
Marginal Benefit, (Utility, Revenue)
Marginal cost
Buyers
Individual preferences
Incomes
Relative prices
Expectations
Number of buyers
(Demand side of model, Behavior of buyers)
Production Possibilities model
Technical efficiency
Allocative Efficiency
Pareto Efficiency
Benefit/Cost analysis
Relative Value of Alternatives
Relative prices as a proxy
Sellers
Opportunity cost
(Marginal cost of production)
Production function
Prices of inputs
Legal, regulatory constraints
(Supply side of model, Behavior of sellers)