


The Economic Problem

theme: scarcity, choice, allocation of resources

Define economics ?

- ***Economics is the study of how a society allocates its resources of land, labour, capital and enterprise (factors of production)***
 - ***Capitalism: market allocates***
 - ***Communism: state allocates***
 - ***Mixed economy: combination of market + state***
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Alfred Marshall

Economics is the “study of man
in the ordinary business of
life....”



John Stuart Mill

- Described economics as the “concerned with the nature of wealth and the laws which govern its production, distribution and exchange”



Lionel Robbins

- Described economics as a “science which studies human behaviour as a relationship between aims and scarce means (resources i.e. Factors of production) which have alternative uses.

