

# CHAPTER 2 SECTION 3

**Market Economies** 

- Strong private property rights.
- Buyers and sellers can own property and use it how they see fit.

- Consumer Sovereignty: the consumer reigns supreme!
- Consumers ultimately decide what gets produced by buying it or not

Specialization

• People can concentrate their efforts on activities they do best.

- Competition!!
- Producers can make what they like and compete with other producers.

• Profit

• This is the motive for production. Goal of producers is to maximize profits.

Voluntary Exchange

• Buyers and sellers are free to do business with who they'd like.

• Each feels better off for having participated.

- Limited government involvement
- As laissez-faire, hands off attitude toward government being involved in the economy

# ADVANTAGES AND DISADVANTAGES OF A MARKET ECONOMY-NO GOVERNMENT IN ECONOMY

#### ADV

- Freedom
- Profit
- Diverse products
- Competition leads to lower prices

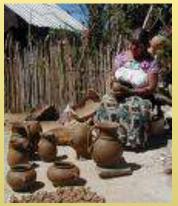


### o DIS

- Good of individual most important
- No public goods and services, like national defense
- Unequal distribution of wealth

# Modern Economies in a Global Age

- Most economies are mixed: some command, market, traditional
- Each mixes the economies uniquely







# TRENDS IN MODERN ECONOMIES



- Economies becoming more global: countries are connected
  - Better, safer, cheaper transportation
  - Less trade restrictions
  - Technology allows companies to be located all over the world





# CHANGES IN ECONOMIES

- Sometimes, ownership of resources changes
  - Nationalize: change from private to public ownership (individual to govt)
  - Privatize: change from public to private ownership





# DO YOU REPRESENT A GLOBAL ECONOMY?

• Find as many items with you as you can that were made in foreign countries. List them and the country.





# MILTON FRIEDMAN:

- Please read P 76.
- Answer these questions.
  - What was Milton's beliefs on government's role in the market?
  - Under which 2 presidents did Milton serve as economic advisor?
  - Do you agree with Milton's position on less regulation in medicine and law? Why or why not?

