



CHAPTER 2 SECTION 3

Market Economies

CHARACTERISTICS OF A MARKET ECONOMY

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



CHARACTERISTICS OF A MARKET ECONOMY

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



CHARACTERISTICS OF A MARKET ECONOMY

- Specialization
- People can concentrate their efforts on activities they do best.



CHARACTERISTICS OF A MARKET ECONOMY

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



CHARACTERISTICS OF A MARKET ECONOMY

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



CHARACTERISTICS OF A MARKET ECONOMY

- Voluntary Exchange
- Buyers and sellers are free to do business with who they'd like.
- Each feels better off for having participated.



CHARACTERISTICS OF A MARKET ECONOMY

- 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

○ 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?

