Economics

Economics is a social science that studies the production, distribution, and consumption of goods and services.

Economics focuses on the behaviour and interactions of economic agents and how economies work. Microeconomics analyses what is viewed as basic elements within economies, including individual agents and markets, their interactions, and the outcomes of interactions. Individual agents may include, for example, households, firms, buyers, and sellers. Macroeconomics analyses economies as systems where production, distribution, consumption, savings, and investment expenditure interact, and factors affecting it: factors of production, such as labour, capital, land, and enterprise, inflation, economic growth, and public policies that have impact on these elements. It also seeks to analyse and describe the global economy.

Other broad distinctions within economics include those between positive economics, describing "what is", and normative economics, advocating "what ought to be"; between economic theory and applied economics; between rational and behavioural economics; and between mainstream economics and heterodox economics.

Economic analysis can be applied throughout society, including business, finance, cybersecurity, health care, engineering and government. It is also applied to such diverse subjects as crime, education, the family, feminism, law, philosophy, politics, religion, social institutions, war, science, and the environment.

The earlier term for the discipline was "political economy", but since the late 19th century, it has commonly been called "economics". The term is ultimately derived from Ancient Greek οἰκονομία ( which is a term for the "way (nomos) to run a household (oikos)", or in other words the know-how of an οἰκονομικός (oikonomikos), or "household or homestead manager". Derived terms such as "economy" can therefore often mean "frugal" or "thrifty". By extension then, "political economy" was the way to manage a polis or state.

There are a variety of modern definitions of economics; some reflect evolving views of the subject or different views among economists. Scottish philosopher Adam Smith (1776) defined what was then called political economy as "an inquiry into the nature and causes of the wealth of nations", in particular as:

winners James M. Buchanan and Ronald Coase reject the method-based definition of Robbins and continue to prefer definitions like those of Say, in terms of its subject matter. Ha-Joon Chang has for example argued that the definition of Robbins would make economics very peculiar because all other sciences define themselves in terms of the area of inquiry or object of inquiry rather than the methodology. In the biology department, they do not say that all biology should be studied with DNA analysis. People study living organisms in many different ways, so some people will do DNA analysis, others might do anatomy, and still others might build game theoretic models of animal behaviour. But they are all called biology because they all study living organisms. According to Ha Joon Chang, this view that the economy can and should be studied in only one way (for example by studying only rational choices), and going even one step further and basically redefining economics as a theory of everything, is very peculiar.