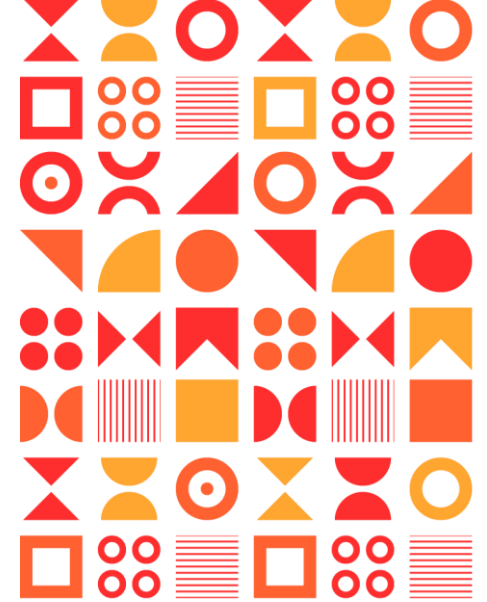




Economic History



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Economics

- Study of how societies use their resources – land, people etc.
- Is a matter of life and death
- Is about how to help people to survive, be healthy and educated
- Can also be seen as the study of scarcity
 - By scarcity we mean there is a limited amount of everything but people's desires are potentially unlimited
 - Everything has a cost (not just in terms of money) so we have to make choices
- Opportunity cost – what we gave up; cost of choosing one thing over another
- Scarcity and opportunity cost show a key economic principle – there are choices to be made

Economics

- Self interest
- Human economic behavior
- Man – is a calculating, self-interested being
- As individuals, we hold little regard for the community
 - Therefore the markets are mankind's best hope for channeling behaviors for the good of the society

Economic History

- Economic history concerns itself with how mankind has structured itself in the past to produce food, clothing and shelter
 - It is the study of power, glory and ideology
- Study of economic history is the study of human survival
- In economic history, we concern ourselves with the interplay between economic, social, political and cultural behaviors

Questions of Economic History

- What was produced?
- What will we produce? (Entrepreneurs and Start Ups)
- How is it produced?
- How did what was produced get distributed?

Questions of Economic History

- Help us to understand commerce, allocation of resources and social welfare practices
- These lead to discussions around
 - Prices
 - Resource allocation
 - Production methods
 - Technological development
 - Labor
 - Supply and demand

Economic History

- Development of productive agriculture
- Development of business contracts and agreements – led to partnerships and corporate relationships
- Expansion of trade – local and regional trade
- Development of economic nationalism
 - Development of mercantile system (Adam Smith); mercantilism
- Development of science and technology – routinization of knowledge
- Shift to industrial production – industrial revolution

Economic History

- Population growth – led to demographic revolution
- Free trade and mass consumption
- Imperialism, colonization and warfare – set up an enduring divide between the global haves and have nots
 - Social tension
 - Outright violence – as rich countries sought to exploit the poor ones
- Economic growth and development
 - Led to attempts to spread some of the wealth across the world

Economic History – Role of Institutions

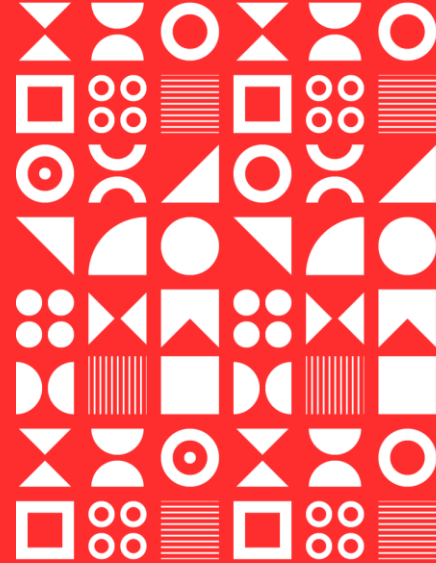
- Rules of the game
- Study of institutions is the examination of the interaction between and among
 - Individuals
 - States
 - Firms
 - social and legal norms
 - cultural practices etc.

Economic History – Ideological Perspectives

- Neoclassical economics – price theory
- Marxian economic history – motive production
 - Key focus is the struggle of one class against another
- World systems theory
 - Rejects the idea that there is only a single path to economic development for most countries and regions

Capitalism

- Social construct rather than an economic system
- Characteristics of Capitalism
 - Clearly defined private property rights
 - Enforceable contracts
 - Markets that set prices
 - Institutions that are favorable to the above elements



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