



# **ECONTAX**

## **Economics with Taxation**

## **Class Rules :**

Attendance :

late

leaving early

Seating arrangement

Exams :

cheating

Quiz :Short/Long

## **Group/Individual Report/Activities**

# Objective

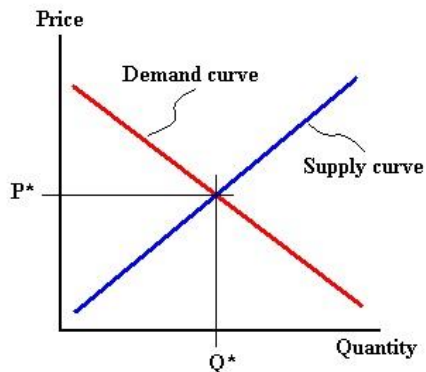
Explain **ECON TAX** the best way possible relating the principles and concepts in the

Adam Smith

Karl Marx

John Maynard Keynes

Supply and Demand Diagram



# Economics

Greek word “**OEKONOMIA**”-management of the household

**Household, firm, society .**

The production, consumption, distribution of scarce resources to satisfy the unlimited wants of individuals, society, government and nation.

A social science that studies how individuals, government , firms and nations make choices on allocating scarce resources to satisfy their unlimited wants .

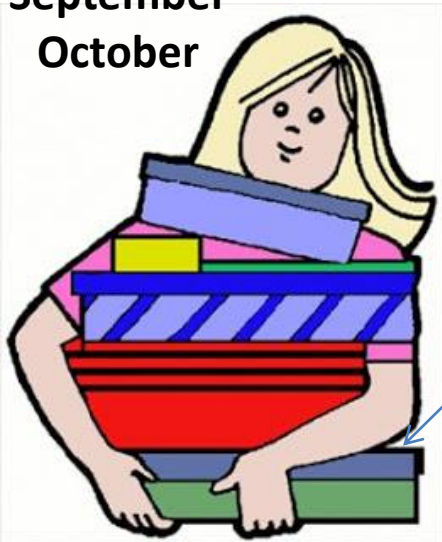




DU30



September  
October



# Why study economics

An understanding of the basic economic concepts and principles of economics will :

- understand why the prices of some computers are higher on special time of the year

- help the government officials in shaping policies regarding taxation, borrowing money from financial institutions, minimum wage and interference in the activities of private enterprises.

# Economic Goals

## 1. Strengthen economic freedom

### Consumer choice

Occupational choice

Freedom to consume or save

To own properties

enterprise

## 2. Promote economic efficiency

***efficiency***- produce more output with the use of fewer resources

### Modern technology

Managerial skills

# Economic Goals

## 3. Promote economic stability

Consistent growth in the changing world

Movement of output of the economy, employment, prices of goods and services  
Stability – no violent ups and downs in the economy

Prices should be kept at a reasonable range

## 4. Promote economic security

**Increase individual security**

People with special skills, capital and assets are sold in exchange for income.



# Economic Goals

## 5. Attain a high level of growth in the economy

**Economic growth – capacity to produce goods and services is increasing  
. Growing more rapidly than the population**

**Growth determinants** –a) expansion in the resources available for producing goods and services.

b) improved skills and technology (managerial & entrepreneurial )

**Governments tasks** – a) provide law and order that will create a conducive investment climate

b) Provide public services that the private sector cannot provide for an expanding economy

# Economics as related to other social sciences

**Anthropology**-branch of science that studies the biological, psychological, social and cultural aspects of human life.

*necessities of humans for them to survive*

**Political Science** – Greek word *polis* (city/state) *scire* (to know).  
Systematic study of the state and government.

*It studies the mechanics of the distribution of power.*

*Primary concern : find out the relationship between authority and the masses.*

*Gives information on the role of people occupying different positions in the government*

# Economics as related to other social sciences

**Sociology** –Greek word SOCIUS and LOGUS (study of the society/study of group/partners).

*Focuses on social relations, social organizations, social interactions , social structures and social processes. Social issues and problems*

**Psychology-** Greek word *psyche* (soul) and *logus* (study). Scientific study of the behavior and living organisms with special attention to human behavior.

*mind conditioning that influences an individual's perception and decision (buying, choosing leaders )*

# Economics as related to other social sciences

**History** – study of past events. History helps in comparing things that happened in the past.

*These data provide them with information needed in formulating and evaluating theories as well as developed plans ,*



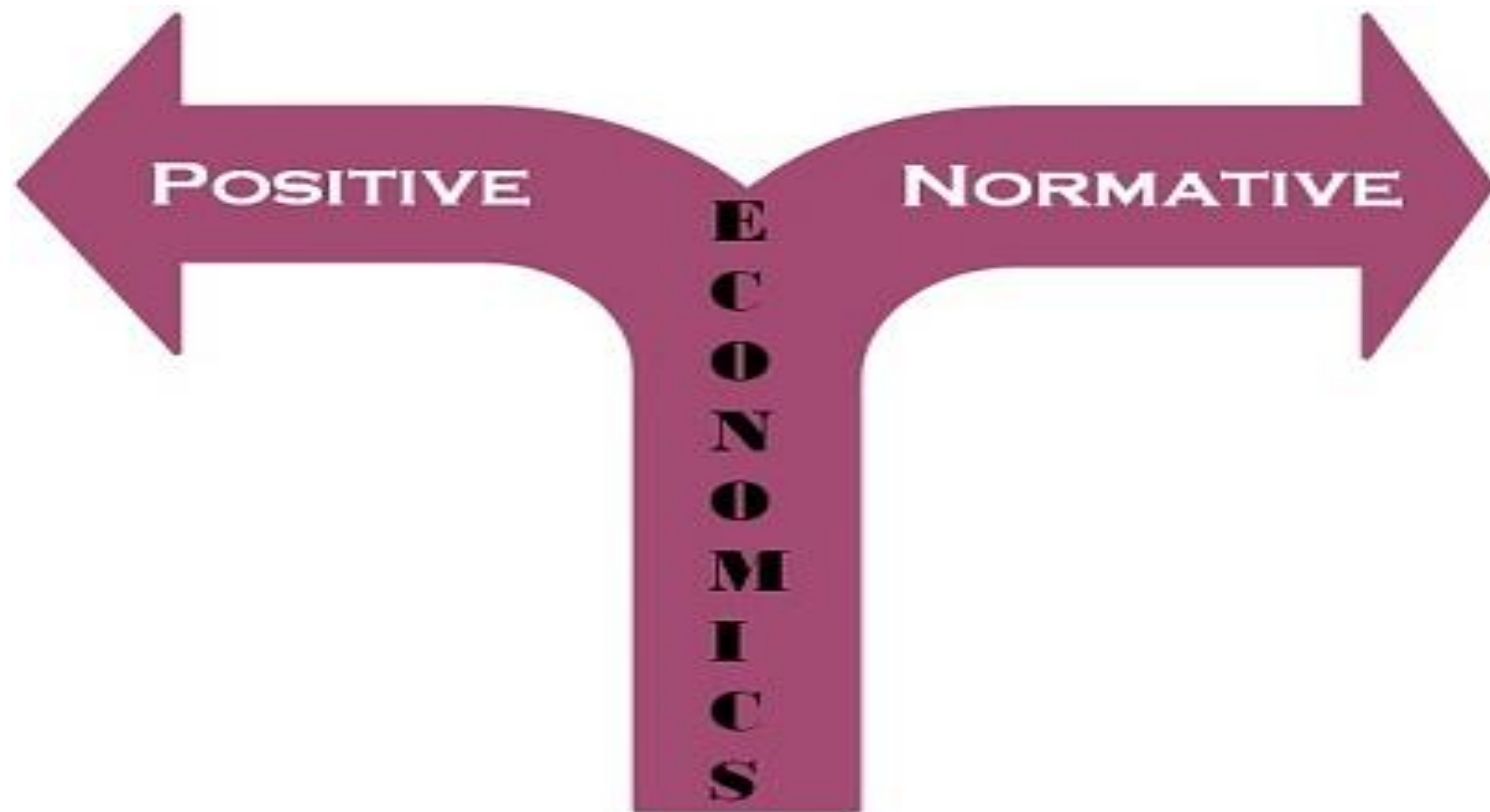
- **Microeconomics**

Studies the behavior of how individual modern households and firms make decisions to allocate limited resources.

- **Macroeconomics**

Focus on the production of the whole nation/entire economy.

# Methodologies of Economics



# Methodologies of Economics

## Positive

- Objective and fact based
- Do not have to be correct but must be tested and proved or disproved
- Concerning what are, what were, and what will

Example:

*Government-provided healthcare increases public expenditures.*

# Methodologies of Economics

## Normative

- Subjective and value based
- *what should, or ought to be* . Which is the result of the cultural, ideological, religious and philosophical systems under which one operates

Example:

*The Government should provide the basic healthcare to all citizens*



# The basic economic problem



**SCARCITY**

**UNLIMITED**

## Needs and Wants

### NEEDS

individuals must have (satisfied) in order to sustain life.

Water, Food, clothing, shelter, warmth

### WANTS

individuals unlimited desires for things that they would like to have but are not necessary in order to survive.



# THE ECONOMIC SYSTEM

- 4 choices that every society (industrialized, communist, socialist, or any form of society) has to make as a result of scarcity

WHAT

HOW MUCH

PRODUCE

HOW TO

FOR WHOM



# THE ECONOMIC SYSTEM

**LIMITED**

## Factors of Production /Resources

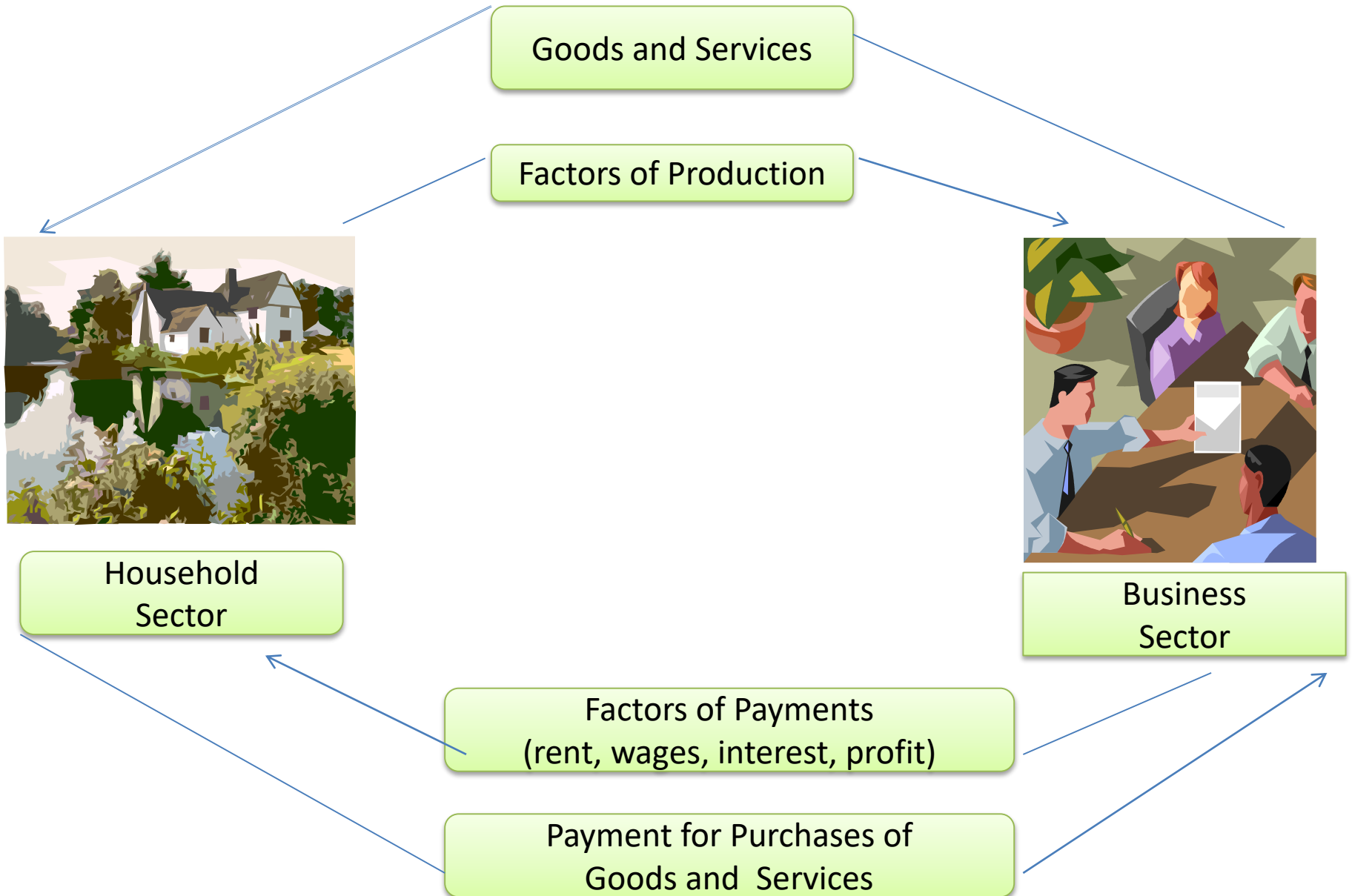
**LAND** – soil, source of all materials and food whether in solid, liquid, gas

**LABOR** –human effort/pay.  
Physical and mental talents tasks to produce goods and services

**CAPITAL**-latin word “*head*” Tangible  
Physical goods that a person or society creates

**ENTREPRENEUR**-French word *entreprendre* (to undertake). Owner  
Innovators . Risk takers. Offer new  
Products/services in the market .  
Competent to organize factors of production. Have the skills to mix land, labor  
and capital

# THE CIRCULAR FLOW OF ECONOMY



# Self-check

1. How can economics help you as future IT /managers/artist/staff.
2. Expectations from the subject