

Economics
A tale of doom

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Chapter 1

1.1 Wednesday, August 14

Definition 1.1.1: Utility

Utility is the economics term for *benefit*. Marginalism is the economic principle that economic decisions are made and economic behavior occurs in terms of incremental units, rather than categorically. The key insight of marginalism is that people make decisions over specific units of economic goods (economists say "at the margin"), rather than in an all-or-none fashion.

Definition 1.1.2: How society decides how economics work

- What will be produced?
- How will it be produced?
- Who will receive it?

Definition 1.1.3: Command Economy vs. Traditional Market Economy

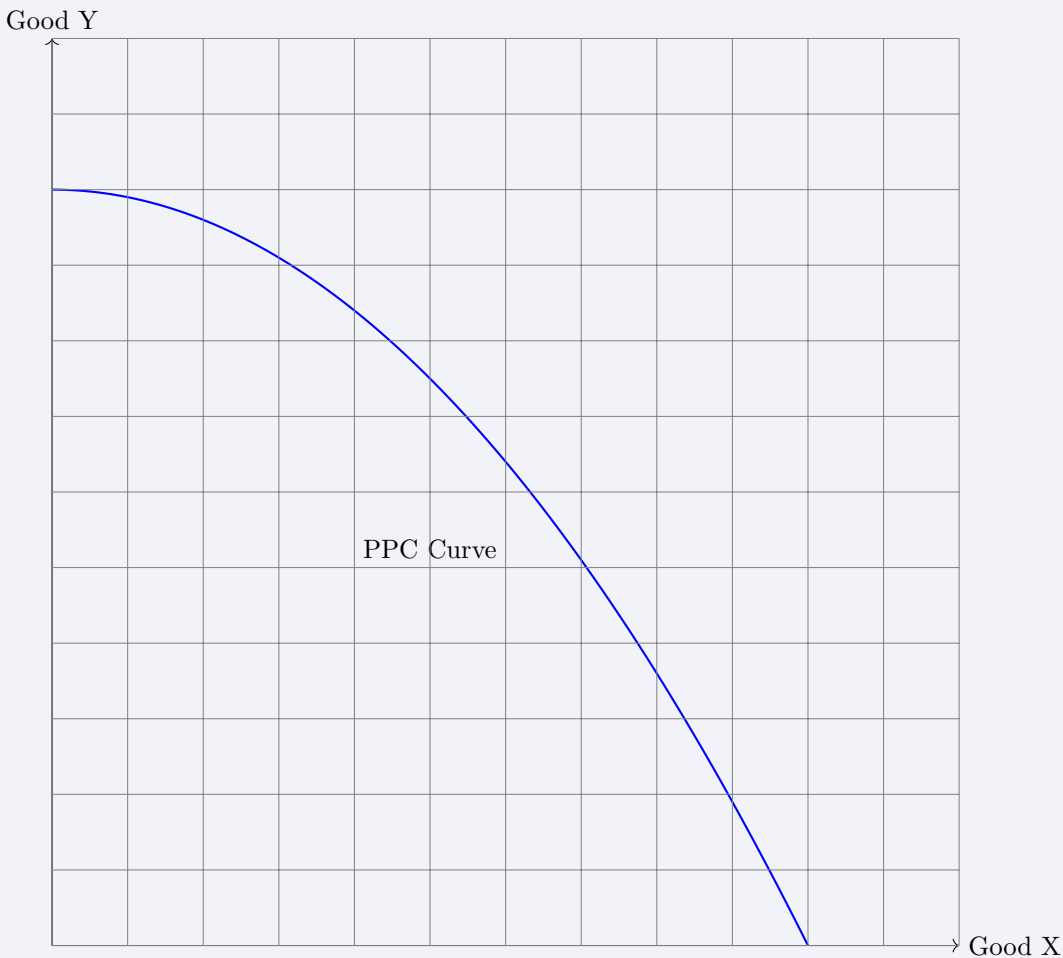
In a command economy the government decides every answer to all of those questions. In a market economy, the people (consumers) have complete control over the first and last answers. Companies have say over the means of production. Here's the stitch: The **Market** decides the reception in reality. There is also a mixed economy, which is somewhere on the spectrum between the two extremes. Pure competition is required to make a Market Economy work.

Theorem 1.1.1 What does a market Economy create?

- Efficiency
- Quality
- principle
- Innovation

1.2 Thursday, August 15

Theorem 1.2.1 PPC - Product Possibility Curves



That is the curve of 100% efficiency, if a business was working at the capacity of its infrastructure. Each point anywhere in the sample space presented could be the efficient, inefficient, or infeasible. If product production values are beyond the curve, they are infeasible. If inside, inefficient. There is also opportunity cost, where each additional unit of production has a cost in the form of the production of another simply because of the resources used.

Theorem 1.2.2 Models

A model is any simplified version of reality used to better understand a real-life situation. In economics, it's simply applied mathematics. A PPC is also a type of model because the actual datapoints on the curve are discrete values in real life, which more than the two dimensions presented in slice form here.

Definition 1.2.1: What it means for an economy to be Growing

An economy now has more production possibilities, as in the feasible sample space where a production possibility can be chosen from is larger. This can either be because of an increase of availability of a factor of production or better technology.

Definition 1.2.2: 4 factors of production

- labor
- land
- capital
- entrepreneurship

1.2.1 FOP, the Factors of production

Note:-

WRIP is the acronym for the income streams generated off of the factors of production.

- land → Rent
- labor → wages
- capital → interest
- entrepreneurship → owner and stuff, you know