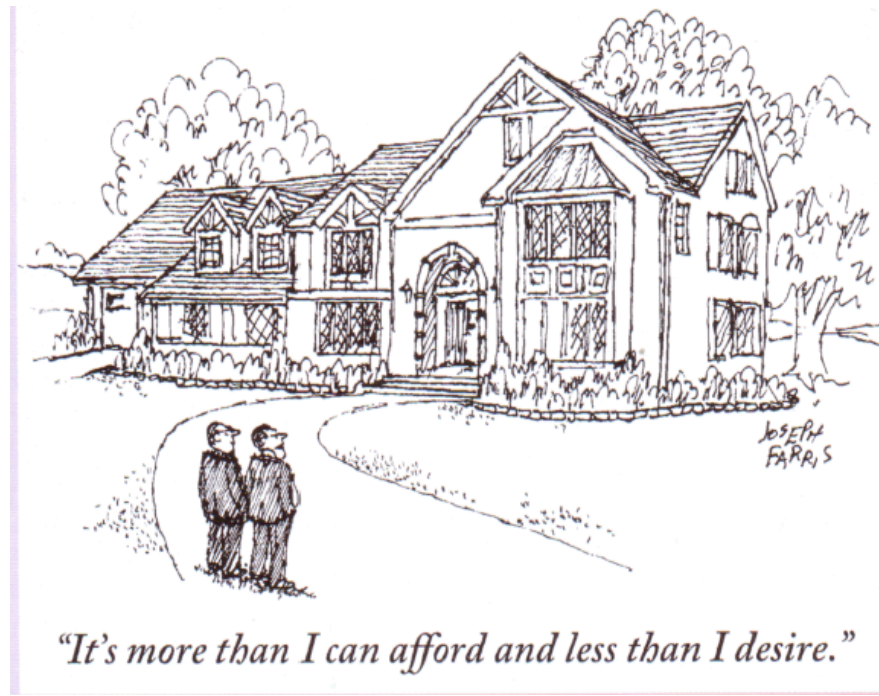


Step 1. Why is production necessary?

→ Grasping the economic problem



Joseph Farris, The New Yorker

Questions:

1. Describe the picture and explain in your own words the sentence.
2. From the picture explain what is the economic problem?

→ The basic economic problem

Scarcity

It is often said that we live in a global village. The world's resources are finite; there are only limited amounts of lands, water,, and others resources on this planet. Economists therefore say that resources are SCARCE.

Scarcity means that economic agents, such as individuals, firms, governments and international agencies, can only obtain a limited amount of resources at any moment in time. For instance, a family has to live on a fixed budget; it cannot have everything it wants. A firm might want to build a new factory but not have the resources to be able to do so. A government might wish to build new hospitals devote more resources to its foreign aid programme but not have the finance to make this possible. Resources which are scarce are called ECONOMIC GOODS.

Not all resources are scarce. This is more than enough air on this planet for everyone to be able to breathe as much as they want. Resources which are no scarce are called FREE GOODS. In the past many goods such as food, water and shelter have been free, but as the population of the planet has expanded and as production has increased, so the number of the free goods has diminished. Recently, for instance, clean beaches in many parts of the UK have ceased to be a free good to society. Pollution has forced water companies and seaside local authorities to spend resources cleaning up the local environment. With the destruction of the world's rain forests and increasing atmospheric pollution, the air we breathe may non-longer remain a free good. Factories may have to purify the air they take from the atmosphere, for instance. The air would then become an economic good.

Infinite wants

People have a limited number of NEEDS which must be satisfied if they are to survive as human beings. Some are materials needs, such as food, liquid, heat, shelter and clothing. Others are psychological and emotional needs such as self-esteem and being loved. People's needs are finite. However, no one would choose to live at the level of basic human needs if they could enjoy a higher standard of living.

This is because human WANTS are unlimited. It doesn't matter whether the person is a farmer in Africa, a mystic in India, a manager in the UK or the richest individual in the world, there is always something which he or she wants more of. This can include more food, a bigger house, a longer holiday, a cleaner environment, more love, more friendship, better relationship, more self-esteem, greater fairness or justice, peace, or more time to listen to music, meditate or cultivate the arts.

The basic economic problem

Resources are scarce but wants are infinite. It is this which gives rises the BASIC ECONOMIC PROBLEM and which forces agents to make choices. They have to allocate their scarce resources between competitive uses.

Economics is the study of this allocation of resources – the choices that are made by economic agents.

Economics, Alan Anderton, Pearson Education, Fifth edition 2008.

1. Fill in the blank with two another example of scarce resources in line 2.
2. Underline the main ideas in the text in red and examples in green.
3. Reformulate the basic economic problem.

Sum up

1. Define the followings:

Economic goods:

Free goods:

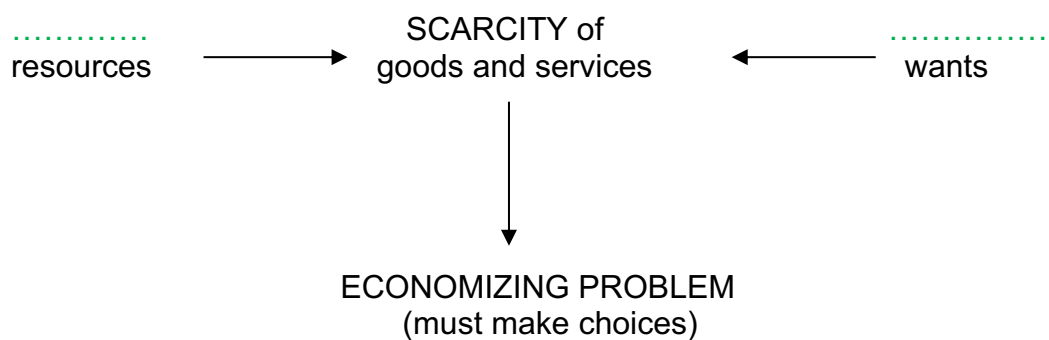
Needs:

Scarce resources:

Wants:

Basic economic problem:

2. Fill in the diagram:



Step 2: What does production consist in?

→ Using factors of production ...

Video

Producing goods and services needs resources called factors of production.

Factors of production, video Economics Mafia

1. What is the central theme in economics?
2. What do resources represent in economics?

3. For example, you want to sell awesome coffee to people. Quote the four types of resources used to produce goods and services and give some examples for each one.

There are four types of resources, namely:

→

→ Three types of

-

-

- Human

→

→

4. Is money considered capital? Quote the two functions of money

→ ... It can be produced goods and services.

Figure 1: The nature of production

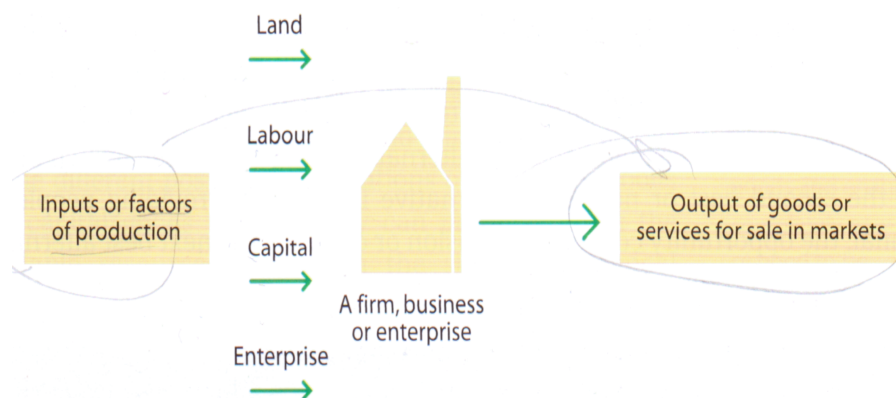


Figure 2.2 The nature of production

1. What do 'inputs' represent? 'outputs'?

Fill in the diagram with « output » and « input » in the right place.

2. According to the diagram formulate a definition of « production ».

Sum up

Production: it is a that inputs into outputs of goods and services. Goods could be either goods or goods.

Factors of production: any used in the production of goods and services. Broadly they can be classified into 3 main groups:

1. labour

2. capital

3. land

or services

made- man of production

..... resource

Step 3: Who are the producers?

→ Different producers

Picture 1



Picture 2



Picture 3



Picture 4



1. Identify the producer for each picture.

- picture 1:

- picture 2:

- picture 3:

- picture 4:

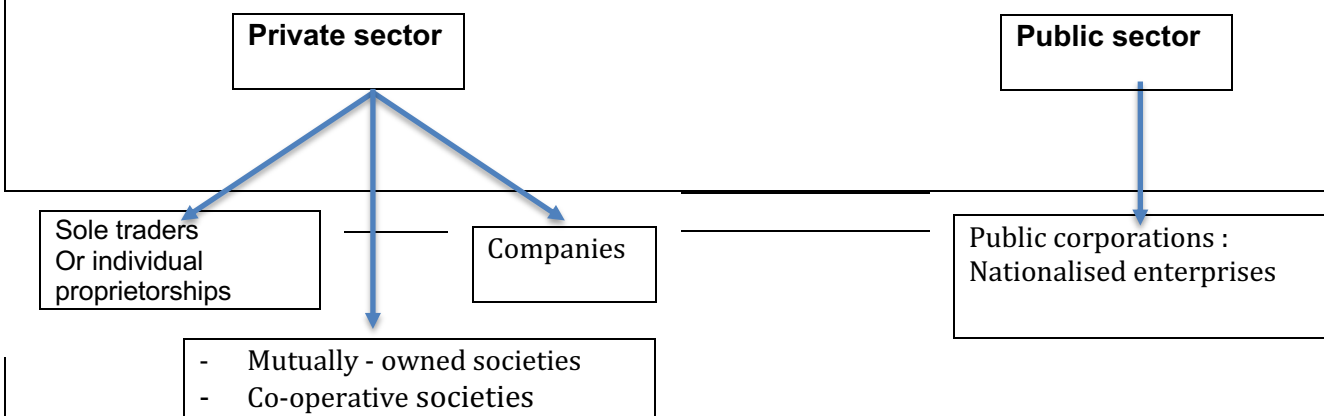
2. What is the difference between the producer in picture 1 and the one in picture 2

3. Compare the first two producers and the two last ones.

→ Different firms

A firm is a business enterprise which either produces or deals in an exchanges goods and services. (...) Firms operate in both the private sector and the public sector of the economy. The main forms of business enterprise in the UK are shown in figure below:

Firms or business enterprises



Public sector business enterprises include nationalised industries such as the Royal Mail which may soon be partly privatised. (...) Since 1980 some of nationalised industries have mostly been privatised. Privatisation occurs when industries or firms are transferred from the public sector to the private sector.

Some of enterprises in the private sector, such as mutually-owned societies, such as building society and the various forms of public sector business enterprise have become much less important in recent years.

In the private sector, there are more than a million small business, many of which are sole traders or individual proprietorship, where not much capital is needed. (...) But although there are many of them, small size means that sole traders produce only a small proportion of national output. (...)

Companies are owned by shareholders who benefit from limited liability. This limits the shareholder's financial risk to the amount invested in the company. (...)

The largest business corporations are multinational companies owning subsidiary enterprises throughout the world. Some multinationals such as BP and GlaxoSmithLine (GSK) are British owned, with their headquarter and most of their shareholders located in the UK. However, many of the multinational corporations operating subsidiary companies and branch factories in the UK are overseas-owned.

Nissan, Toyota and Honda are Japanese-owned multinationals which have built factories in the UK in recent years, while Ford, General motors and IBM are US multinationals that have produced in the UK for many years.

A2 Economics, Ray Powell, Philip Allan, 2009.

Help box

Liability: responsabilité

Subsidiary: filiale

1. From your researches complete the table below:

examples	Co-operative societies	Mutually-owned societies	Foreign multinationals
In the UK			
In France			

2. How is the national output measured?

3. Recap the definition of a shareholder.

4. Explain the underlined sentence.

5. Give the main difference between:

- Private and public sector:

- Sole traders and companies:

- Companies and Mutually - owned societies /Co-operative societies:

→ An example of a company

TEAM TASK: PRESENTATION OF A FIRM

TASK FOR EACH TEAM

The teacher will give 4 examples of firm with 4 teams made up of 3 students.

STEP ONE: FIND OUT INFORMATION ON THE FIRM (homework)

1. Where do you get the information on the firm selected?

You could go to their website and select the relevant information.

2. What type of information should you extract from the website?

- the firm's date of birth;
- the current Chairman ;
- some accurate data such as Financial performances (total revenue, profit, sales ...), employment, stores
- Business strategies and objectives: What kind of products they sold? Where do they operate? only in one country, or always in the world? ... and any relevant information about the company.









Finally, don't forget to select relevant data and facts but not too many in order to produce a dynamic and grasping oral presentation

STEP TWO: ORAL PRESENTATION

- Each team should present their slide orally for around 3 minutes, to the others who should take notes on those oral presentations.
- Oral presentations will take place on:

March .2021

Name of the company	Your team with:
	-
	-
	-

Name of the company	Team: name
1. WALMART 	- - -
2. WAITROSE 	- - -
3. AIRBUS 	- - -
4. APPLE 	- - -
5. FORD 	- - -
6. BSN-GERVAIS DANONE 	- - -
7. L'OREAL 	- - -
8. PFIZER 	- - -

STEP TOW: ORAL PRESENTATION**March 2021****Seconde DNL SES****Evaluation : prestation orale.**

TOPIC :		
Name : - - - - Time :	Remarques	Note - - - -
S'adresser à un auditoire – Aisance à l'oral (se détacher de ses notes)	- - - -	/5 /5 /5 /5
Quantité des informations fournies sur le sujet.		/5
Pertinence des informations fournies sur le sujet.		/5
Qualité du diaporama : dynamique, attractif.		/5

Seconde DNL SES**Evaluation : diaporama + prestation orale.**

TOPIC :		
Name : - - - - Time :	Remarques	Note
S'adresser à un auditoire – Aisance à l'oral (se détacher de ses notes)	- - - -	/5 /5 /5 /5
Quantité des informations fournies sur le sujet.		/5
Pertinence des informations fournies sur le sujet.		/5
Qualité du diaporama : dynamique, attractif.		/5

Name of the company:, its nationality:

- The type of the firm:

- The firm's date of birth:

- The current Chairman:

- Some accurate data such as:
 - Financial performances:
 - total revenue:
 - profit:
 - sales:
 - Other data:
 - employment:
 - stores:
 -

- Business strategies and objectives:
 - What kind of products they sold?

 - Where do they operate? only in France, in the world?

 - Other relevant information about the company:

Conclusion: Evaluate the oral presentation

1. Answer the followings and justify for each one:

- Is it a grasping presentation?

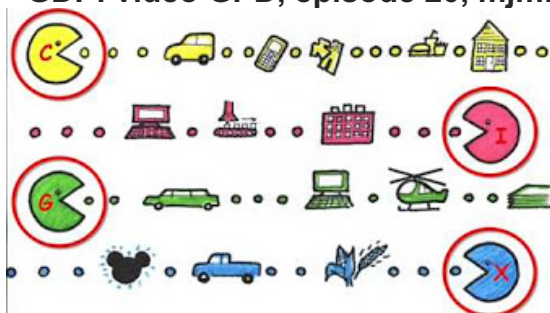
- Extract the more important information from this company.

- What another information of this company would you wish?

- What is it the more valuable on this presentation? The less one?

Step 4: How is production measured?

- GDP: video GPD, episode 20, mjmfoodie.



1. GDP definition does or does not include as part of the country's income.
Underline the correct expression in the following:
 - If there is a US company that's located abroad producing products, that **does not count** / **does** count as part of the GDP.
 - If there's a foreign company located in the US producing products that **does not count** / **does** count as part of the GDP.
2. What are the differences between the final goods and intermediate goods?
3. Complete the sentence:
If you count the value of wheat, and then the value of the flour that's made from that, and then the value of the loaf of bread that was made from that was made from the, you've counted the value of the wheat times!
Consequently, the term 'total value' means the total value at that time period of the goods and services.
4. What is the GDP with expenditure approach used for?
5. Introduce the four buyers' sectors of goods and services.
 - .
 -
 -
 -
- Fill in the following:
GDP is the sum of made by the four sectors of the economy: by the household sector,by the business sector, by the government sector, and **net** (exports-imports) to the foreign sector.

Sum up

Definition of **GDP**:

Step 5: What are the economic systems of production?

→ Types of economic system.

An « economic system » is a set of institutions within a community. Its members decide what and how, and for whom to produce. Different societies use different systems for producing scarce resources.

Figure 2: Different types of economic system

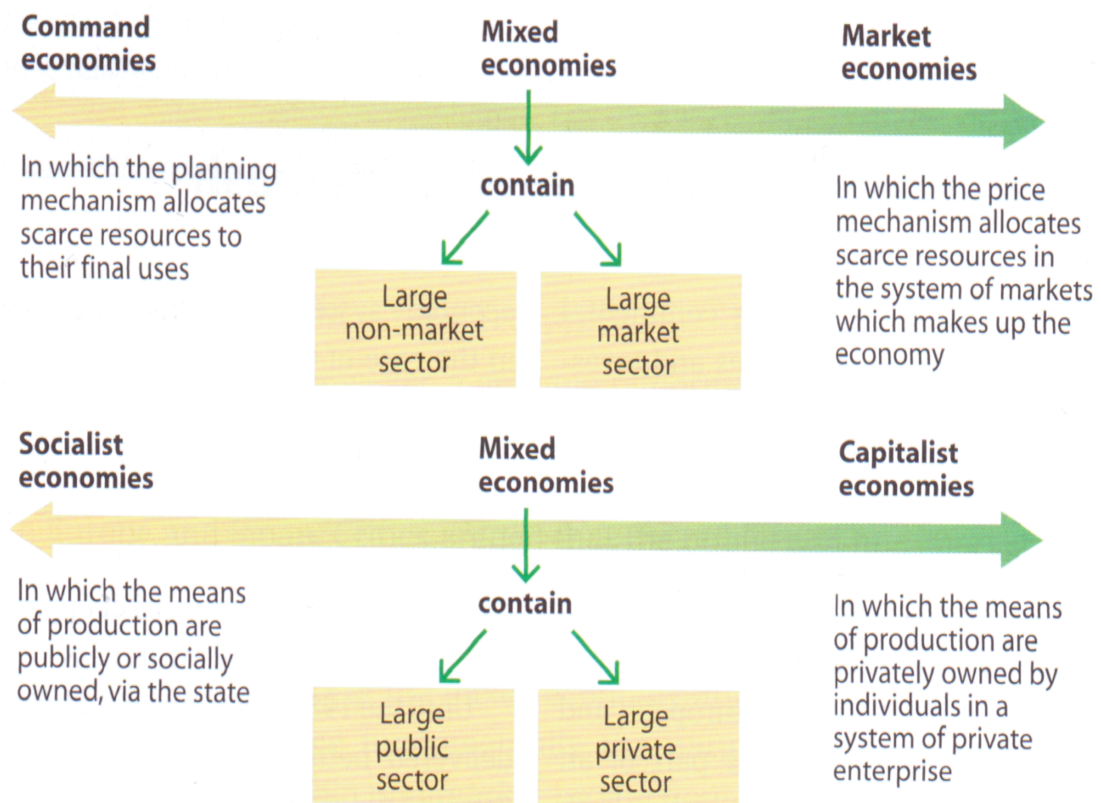


Figure 2.3 Different types of economic system

1. Fill in the diagram with appropriate words.

2. Complete the following board :

	Command economies	Market economies
Mechanism of allocating resources		
Ownership		

3. From the board define a mixed economy. Give some examples of mixed economies

→ The current main economic system

Document 1: Changes in continental European mixed economies

Historically, European countries had relied for their postwar reconstruction on a mixed economy system in which a paternal state or, in case of Germany, the banking system, propped up and helped revive the corporate sector. This also involved a far greater attention to social welfare, absent in the American business model, in an attempt to combine a competitive market approach with a high degree of social awareness. Until the 1990's, this mixed economy system delivered better rates of economic growth than the American economy system. But from the 1980's, the American economy, under the impulse of its 'Reagonomic' neoliberal revolution, outperformed Europe. Since the mid-1980's, all European countries, in different degrees, have sought to implement structural reforms to reduce the state's role, stimulate private initiative and adapt to a global market system.

Financial times, 6 November 2002.

Help box:

- « relied »: to rely, to need or to be dependent on.
- « propped up »: to stimulate, to boost or to make strong again
- « social welfare »: government policy to help the needy (with social benefits)
- « awareness »: to get the knowledge about a situation
- « sought »: *pt.* to seek, to look for.

Questions :

1. Why did European countries become mixed economies after the second world war?
2. How do you explain the change from the mid-1980s?
3. From your research, explain what is meant by « *Reagonomic* ».

Sum up

Command economy: The mechanism allocates resources between competitive uses

Market economy: Markets and allocate resources between competitive uses.

A mixed economy contains both market and non-market sectors and a substantial sector as well as a sector.

Different economic systems allocate resources between different uses in different ways.

Fill in the responses on document 1:

1. After the Second World war, markets capacity of rebuilding the economy. Only the state was able to the economy both supporting sector and carrying out some investments (education, healthcare ...)
2. Since 1980s European countries have looked for reforms based on more market and state's role. These reforms were inspired by the better American performances in terms of economic and employment than in their own economies.
3. 'Reaganomics' refers to a set of policies implemented by R. Reagan, the US President (1981-1989). These policies were influenced by the-side theories (1) in the 1980s and economists such as A. Laffer (and his famous Laffer curve). All the measures should contribute to the supply- side: they should encourage firms to produce....., they should incentive workers to supply more....., and so on ... One the famous measures adopted was tax cuts in favour of the well off in order to rise Basically, richest more than the poorest. can drive to investments involving economic growth.

Likewise Mrs M. Thatcher Prime minister in the (1979-1990) was influenced by the supply-side theories. Thatcher believed that the mixed economy was actually a mixed-up economy, performing and uncompetitive. As a result, she introduced policies of economic liberalisation illustrated by privatisation (selling-owned assets to ownership e.g. British airways, British Telecom, ...). Thatcherism became the UK equivalent of Reaganomics in the USA.

- (1) supply-side theories are a branch of-market economics. Government should be used only to improve the competitiveness and efficient of markets.

→ An example of a mixed economy

Document 2: Sweden Economy

Sweden is a developed, Nordic European nation with an economy focused heavily on export trade. Timber, hydropower, and iron ore are the nation's chief resources, while motor vehicles, telecommunications, pharmaceuticals, industrial machines, precision equipment, chemical goods, home goods and appliances, forestry, iron, and steel are its chief manufactured goods.

Sweden has a mixed economy (...). The nation has one of the largest and most well-developed welfare systems in the world, but it is financed through remarkably high taxes. This extremely high taxing system, designed to redistribute wealth more evenly among the population via social programs, is sometimes called the Nordic Model.

Economic History

Sweden was a largely agrarian nation, with some focus on fishing and timber throughout much of its history. Beginning in the 19th century, Sweden began a slow process of industrialization. (...).

By the middle of the 19th century, however, economic reforms and increased wages saw the development of a more modern system of economic management that the nation still enjoys to this day. By the 1930s, Sweden had improved to a level that a 1938 issue of **Life Magazine** called the "world's highest standard of living." Sweden declared itself neutral during both World Wars; thus, unlike most of its European neighbors, Sweden had no need to rebuild its infrastructure or economic base post-war, giving it an enormous leg up heading into the middle of the 20th century. The postwar boom propelled Sweden to even greater economic prosperity, taking the country all the way to third place in per capita GDP rankings in 1970.

Unfortunately, the 1990s were not kind to the Swedish economy. In the 1980s, Sweden experienced a real estate and financial bubble that burst in the early 1990s. This led to the worst economic crisis in Sweden since the 1930s. (...) A number of changes to economic policy followed, particularly with regard to the Swedish welfare system.

Current Economic Situation

In 2009, Sweden had the world's tenth highest gross domestic product (GDP) per capita. Sweden remains an export-oriented mixed economy. It has excellent infrastructure, communications systems, and a highly skilled and educated labor force. Private companies own the majority of Sweden's industry, unlike some other industrialized Western nations. According to the Organization for Economic Co-operation and Development (OECD), deregulation, globalization, and growth in the technology sector have been the key drivers of economic growth.

Despite its prosperity, the typical Swedish worker takes home only about 40% of his or her income after taxes. Taxes have declined slowly since the 1990s, but they remain among the highest in the world, nearly double that of the United States. Due to its impressive welfare system, civil servants make up one-third of the Swedish workforce.

On top of that, nearly 70 percent of Swedish workers belong to a union. The nation has no minimum wage, with such conditions resulting typically from collective bargaining agreements rather than legislation. (...)

Sweden continues to use the Swedish Krona (SEK) as its primary currency, having rejected the Euro in 2003. Sweden's central bank, the Riksbank, came into existence in 1668, making it the oldest central bank in the world. It is credited with helping to maintain price stability with low inflation rates that have been critical to the nation's economic recovery. (...)

Nevertheless, some fear a housing bubble may have formed in the Swedish market. As of mid-2014, residential property prices had reached unprecedented levels, and household debt-to-income ratios had increased above 170 percent.(...).

MARCH 31, 2010 • SWEDEN • BY **EW WORLD ECONOMY TEAM**
http://www.economywatch.com/world_economy/sweden

Questions:

1. Underline the key sentences in the document 2. Recap the meaning of a 'mixed economy'.
2. Give the main sources of wealth in Sweden.
3. What does the "Nordic model" consist in? Underline and rephrase its main features presented in the text below:

The Nordic model is a term coined to capture the unique combination of free market capitalism and social benefits that have given rise to a society that enjoys a host of top-quality services, including free education and free healthcare, as well as generous, guaranteed pension payments for retirees. These benefits are funded by taxpayers and administered by the government for the benefit of all citizens. The citizens have a high degree of trust in their government and a history of working together to reach compromises and address societal challenges through democratic processes. Their policy makers have chosen a mixed economic system that reduces the gap between the rich and the poor through redistributive taxation and a robust public sector while preserving the benefits of capitalism.

(...) The result is a system that treats all citizens equally and encourages workforce participation. Gender equality is hallmark trait of the culture that not only results in a high degree of workplace participation by women but also a high level of parental engagement by men.

The Nordic Model: Pros and Cons, www.investopedia.com

The 'Nordic model' is based on:

-
-
-
-

4. The key periods of the economic development in Sweden.

From the document fill in the blanks:

- Before the 19th century Sweden was an nation;
- Beginning in the 19th century, Sweden started slowly;
- By the middle of the 19th century economic led to a system of economic management.
- Thanks to the best in the world Sweden achieved the greatest in the 1970's and reached the place in per capita GDP ranking;
- In 1990, Sweden was faced to a real estate and financial

5. Does the Nordic model still exist in Sweden nowadays?

On the one hand,

On the other hand,

