

ECONOMICS AND MANAGEMENT FACULTY

ECONOMICS DEPARTEMENT

ENGLISH MODULE

MISS HAFAYED & DAGUIANI

UNIT (1) : **CONCEPTUALIZATION AND ANALYZING ECONOMICS**

OBJECTIVES

- ✓ Being familiar with economics concepts
- ✓ Comparing and contrasting between Capitalism and socialism
- ✓ writing a comparison and contrast paragraph

LECTURE ONE : CAPITALISM Vs SOCIALISM (CONCEPTS)

- **Balanced Budget:** an annual budget (such as for a government) in which revenues perfectly offset expenditures, so that there is neither *deficit* nor *surplus*.
- **Automatic Stabilizers:** government *fiscal policies* which have the effect of automatically moderating cyclical ups and downs of **capitalism**
- **Capitalism:** is an economic system based on the private ownership of the means of production for profit. Central characteristics of capitalism include capital accumulation, competitive markets, a price system, private property, and the recognition of property rights and wage labor.
- **Capital accumulation:** refers to an increase in assets from investments or profits and is one of the building of a *capitalist economy*.
- **Competitive marketing:** is one where there are numerous procedures that compete with one another in hopes to provide goods and services. In other words, ,not one single producer can dictate the market.

- **Price system:** a means of organizing economic activity by coordinating the decisions of costumers, procedures, and owners of productive resources.
 - **It is also defined as** a mechanism of allocating goods and services the rise or fall of prices caused by interplay of supply and demand forces.

Price	Wanted	Offered	Traded
50 \$
40\$
<u>30 \$ (market price)</u>
20\$

- **Private property:** is a legal designation for the ownership of property by non- governmental legal entities. Private property is distinguished from public property which is owned by the state entity and from collective or cooperative property that are embodied in certain economic systems such as anarchism and *socialism*.
- **Property rights:** is the theoretical and legal ownership of resources and how they can be used.
- **Wage labor:** referred to as paid work, paid employment, or paid labor, refers to the socioeconomic relationship between a worker and an employer in which the worker sells their labor power under a formal or informal employment contact.
- **Socialism:** is a populist economic and political system based on public ownership (collective and common ownership) of the means of production. Socialists contend that shared ownership of resources and central planning provide a more equal distribution of goods and services and a more equitable society.