

Introduction to Economics

by Robert Jameson

There are lots of people who pretend to understand Economics, but there are very few who really do understand Economics. If you dive into Economics and race towards your exams without taking the time to properly understand the key concepts at the heart of the subject, it will hardly be a surprise if you end up amongst the fakers rather than amongst the true experts.

This book is intended for students who are considering studying Economics, for students who are soon to begin a course in Economics and for those who are already studying Economics but who would like to firm up their understanding of the key concepts at the heart of this fascinating and incredibly important discipline.

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Warning/Disclaimer

This book shouldn't offend anyone - but, with so many ridiculously over-sensitive people around these days, there's always a danger that it will. Please note, therefore, that you read this book at your own risk. Furthermore, please note that this is a book of ideas and that none of the contents of this book are intended to be read as statements of fact.

Contents

	Page
Introduction	5
A Special Calling	8
Money and Resources	11
People	15
Welfare	19
Science and Models	23
Scarcity	26
Decisions	30
Power	33
Specialisation and Trade	36
The Market	40
Profit	44
Government	45
Firms	52
Intervention	55
Efficiency	60
Scale	63
Incentives	66
Capital	70
Investment	72
Boom and Bust	75

Introduction

This book is intended for students who are considering studying Economics, for students who are soon to begin a course in Economics and for those who are already studying Economics but who would like to firm up their understanding of some of the key principles. It doesn't particularly matter if you are still at school or if you are about to begin a college or university course.

This book is intended to give you a head start on understanding a whole bunch of core Economics concepts - and thus give you a sure, firm foundation in the great and fascinating discipline that is Economics.

This is not designed to be a comprehensive set of key concepts. It is not a textbook. The concepts included here are merely a selection which I hope will give you an opportunity to learn to see things through an economist's eyes - and get a feel for the special way a real economist understands the world.

Economics is an incredibly useful discipline and a skilled economist is someone who, if they're listened to, can be of enormous value to governments, businesses and individuals. So many of the problems we face as individuals and as a society would be much easier to solve if we were prepared to listen to the advice of skilled economists.

The trouble is that very few people actually understand Economics. There are a lot of people who think they understand it or pretend to understand it, but they rarely do. Even many of the people who have Economics qualifications and

many of the people with 'Economist' in their job title, have a very poor understanding of what Economics is actually all about. And, if you pay attention to the news at all, you might have begun to develop the nagging suspicion that the politicians who are supposed to be in charge of running our economy don't have a clue about Economics either!

Many people just don't 'get' Economics. Some people 'get it' almost straight away - but far more people never get it at all, even having studied it for years. They somehow get confused and never really grasp the fundamental concepts and principles at the very core of the subject.

It can often be the case that, when people study for an Economics qualification, they quickly become embroiled in learning terms, drawing diagrams and answering questions on topical case studies. Before they know it, they're preparing for exams by studying marking schemes and developing their exam techniques. Somewhere along the way, they've skipped over and failed to properly understand the fundamental concepts and principles that everything else is supposed to be based upon.

This failure to understand important concepts manifests itself in various, seemingly minor errors in your work. Individually, these errors may be easy to correct - but it can be very difficult, later on, with exams approaching, to find the time to correct the fundamental misunderstandings that led to those seemingly minor errors.

Further errors will occur - and these might possibly knock you down a grade or two - but the really big problem is that you don't understand Economics. If you're ever supposed to advise someone - a

government, a business or an individual - on an Economics matter, you'll just be faking it. You won't really understand what you're talking about. You won't be able to use your abilities as a skilled economist to help your country, your employer or your own mother, because you won't *be* a skilled economist. You'll just be another 'bullshitter' (and yes, that is the appropriate technical term!) - and, seriously now, we don't need any more of those as we have more than enough already!

So - this book is about avoiding all that aggro of living a life as a lowlife bullshitter who doesn't really know what they're talking about. I'm fed up with turning on the news to see fake economists pretending they understand Economics. I'm fed up with politicians who are supposed to be running the country, yet don't have a clue about some of the most basic and fundamental Economics concepts that they really need to know about in order to do their jobs properly. I'd like to see a future where this sort of thing doesn't happen quite so often.

There are lots of people who pretend to understand Economics, but there are very few who really do understand Economics. If you dive into Economics and race towards your exams without taking the time to properly understand the key concepts at the heart of the subject, it will hardly be a surprise if you end up amongst the fakers rather than amongst the true experts.

A Special Calling

As you develop your skills as an economist, you may develop the tendency to become a complete snob about all the courses in 'lesser subjects' - such as Business, Management or Accountancy - that don't compare to a 'proper' Economics course. This is one type of snobbery that I would like to vehemently encourage!

Economics is a proper subject. It is a proper academic discipline. It's got real meat and guts to it. It's got concepts and ideas. It's not about trendy business terms and farcical management-speak - these are the tools that bullshitters use to hide their incompetence and lack of understanding. Proper economists don't need these things. Plain English is our preferred method of communication. Yes, we have specialist terms, but they're real terms, with proper meanings to them. They're there to communicate important concepts, not mask our ineptitude.

There are lots of business-types, management-types, finance-types and accountancy-obsessives around. Too many, in fact! Some of them fool themselves into thinking they understand something about Economics, but we proper economists look down on many such people - and so we should! Most of them don't have a clue!

Make no mistake - Economics is a much bigger, much more important and much more interesting subject than 'Business' or 'Management' or 'Accountancy' or 'Marketing.'

Economics is a very special calling. The resource considerations of the human species are about much more than just making a profit, growing a

business and balancing the books. We are the species that has been able to count Da Vinci, Mozart, Einstein, Shakespeare, Jung, Attlee and Socrates amongst our number. We've been to the moon. We've begun to unravel the secrets of genetics. We've grappled with the great questions of existence. If you're only interested in balancing the books for some poxy advertising agency or brainwashing children into buying your sugary drinks, then perhaps you should go and amuse yourself elsewhere!

Real economists care about a great many important things. We care about all the people in the world who don't have enough to eat. We care about people who never have a proper childhood when they can play, explore and develop their interests. We care about people who don't receive a decent education. We care about people who don't get many opportunities in life because their parents weren't very wealthy or well-educated or because they live in a very unstable country.

We care about people who find it difficult to get a job or whose ambitions are thwarted by government taxes and regulations. We care about people who have to work long hours for low wages and don't get a reasonable amount of leisure time to spend with their families. We care about people who have to work into their old age because they can't afford to retire.

We care about conservation and wonder how we can meet mankind's needs without destroying the planet we live on. We care about how we can find the resources we need to explore the universe we live in and make important discoveries. We care about science, technology, art, culture and the general advancement of society.

If you don't care about all or at least most of these things, then (How can I put this politely?) well, then perhaps Economics just isn't for you!

Money and Resources

Before you can learn what Economics is, it is really going to help if you can first clear your mind of some of the common, but fundamentally misleading misconceptions about what Economics is actually about.

The biggest misconception about Economics concerns money. This would come as quite a surprise to most of the population, but Economics is *not* about money. Most people seem to think it is, but it isn't! Just take a deep breath and bear with me on this one - I'm an expert!

Think of it like this: We use money to buy food, housing, books and thousands of other goods and services. The money goes one way (to the person or business we buy those goods from) and the food, housing and books go the other way (to us, the consumers of those goods) - but it's the food, housing and books that are the really important things. If these important resources continued to be supplied, but no money changed hands, we'd be OK - we could carry on as before. On the other hand, if money moved, but no resources were supplied, we'd all starve to death. That's the difference in importance between money and real resources!

Money is relatively unimportant. We can survive without money. This, after all, is exactly what the human race did for many thousands of years. Instead of using money, early man simply used a system of bartering - people would simply swap things they had plenty of for other things they didn't produce themselves. Many people didn't even use bartering. They simply met all their needs

for themselves, by harvesting the bounty of the natural world around them.

Money is very useful, of course, as it allows much more complex trading than would be possible with only a bartering system. However, this doesn't make it more important than the actual resources we need to survive. We can survive without money, but we cannot survive without real resources.

Furthermore, as a species, if we had less money, this needn't make us any worse off at all. Imagine that tomorrow, as if by magic, half the money in the world simply disappeared. Every individual person looked in their wallets, purses, under their mattresses and in their bank accounts - and found that half their money was missing.

This would undoubtedly cause a lot of head scratching. However, it is not a disaster. Although we'd all have less money than before, we wouldn't have lost any of our real resources. We'd still have the same number of farms, people, houses, cars and factories as before. If you think about it, all we'd need to do would be to cut the prices of everything in half, and we'd be able to carry on pretty much exactly as before.

Yet, turn on the news almost any day of the year and you could easily get the impression that all the world's economic problems are due to a lack of money. Politicians or commentators might argue that we can't afford to build new schools or provide better healthcare because we don't have enough money. They might claim that we don't have enough money to provide everyone with a decent pension and a comfortable retirement at a reasonable age. Such claims, however, are nonsense! They're complete fiction!

If lack of money really was at the heart of all our

economic problems, we could simply print more of it. Our governments are never actually going to literally run out of money. They have the legal right and the facilities to print as much money as they could ever possibly want or need.

Of course, simply printing loads of money wouldn't actually solve our economic problems - but that's because lack of money isn't the cause of our problems in the first place. Printing money might only cause prices to go up - and that's because, whilst we can pretty much magic more money up out of thin air, we can't magic real resources out of thin air.

Economics is not really about money. It's about real people, real resources and real achievements. It's about looking at how we, the people who live on this planet, use the real resources available to us and how we can organise ourselves more effectively so that we can make better use of those resources and achieve more as a result.

Sometimes, we genuinely lack the necessary natural resources to get an important job done. More often than not, however, we only lack resources because we have squandered them. We've failed to make proper use of the natural resources available to us. We've wasted them. We've failed to organise ourselves effectively. These are the problems we really ought to be dealing with.

Unfortunately, with politicians and commentators in the media banging on endlessly about a lack of money, a sort of brainwashing effect takes place and both these people and the general public come to believe that movements of money are actually more important than the movements of real resources - as if the money paid for food is more

important than the food itself and the people who eat it, and as if the money paid for books is of greater economic value than the education those books can provide.

It is this ridiculous and misleading assumption about the overriding importance of money that prevents people from understanding Economics. Far from economists being obsessed with money, it is the ability to see the world in terms of real resources and real people, rather than in terms of money, that is the hallmark of a real economist. You must purge your brain of this obsession with money if you are ever to be a skilled economist.

Unfortunately, most people seem incapable of doing this. They've been brainwashed for so long, it's become almost hard-wired into their brains to assume that economic difficulties are always the result of a lack of money. It doesn't matter how carefully you explain to them why this is clearly nonsense, they refuse to accept that it is. (I hope you're not one of these people!)

It is important to realise that misplaced 'money-think' crops up all over the place and gets in the way of us, as a society, identifying the causes and finding the solutions to our economic problems. You'll be reading an article by a newspaper columnist or listening to a politician on the radio. They might even seem to be making some sort of sense, as if they actually understand the issue in question. Then they'll go and blow it all by making some ridiculous remark about the country's economic problems being due to a lack of money. Why don't they just round off by claiming the moon is made of cheese?

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End of sample!

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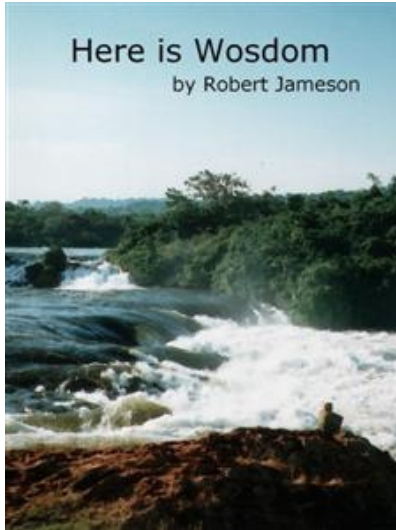
Your comments on this book are welcome at:

Rob@IMOS.org.uk

Other books by Robert Jameson:

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Here Is Wosdom

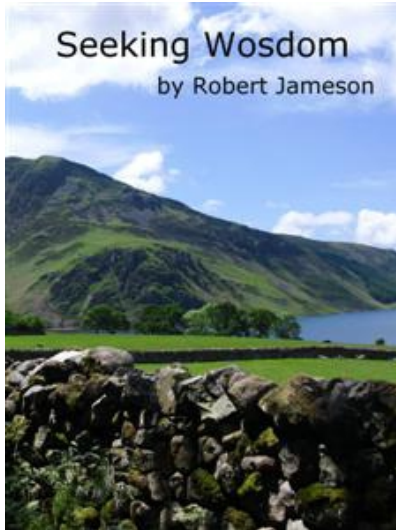


Intelligence is born out of the willingness to question what we are told - whatever it may be! Each chapter in this book asks us to do just that - question accepted ideas and popular opinions - and through questioning them, develop the ability to overcome the prejudices that stand between us and greater intelligence.

Available from: [Amazon.co.uk](https://www.amazon.co.uk) and [Amazon.com](https://www.amazon.com)

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Seeking Wosdom

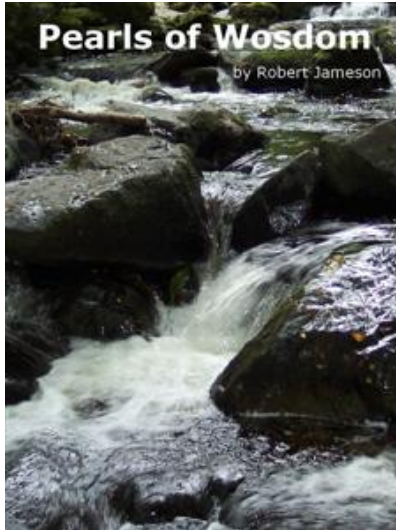


"Why conform when it's so much more interesting not to?" Following on from "Here is Wosdom," Robert Jameson offers another selection of opinion pieces illustrating how intelligent thinking has almost nothing to do with political-correctness! Please note that the Wosdom books can be read in any order.

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Pearls of Wosdom

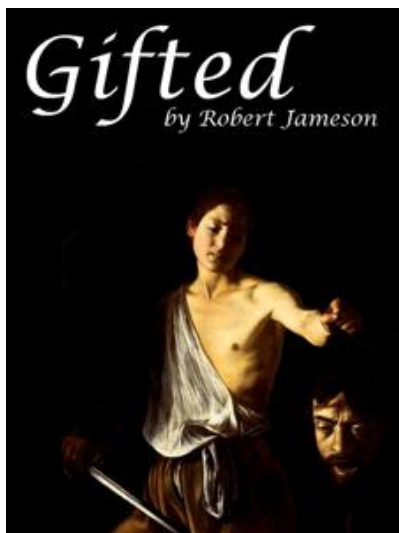


The key to intelligence is to be able to overcome the prejudices of the society we live in and thus free our minds to think beyond what society assumes to be correct and beyond what it deems to be 'acceptable.' Please note that the Wosdom books can be read in any order.

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Whatever Happened to the Life of Leisure?

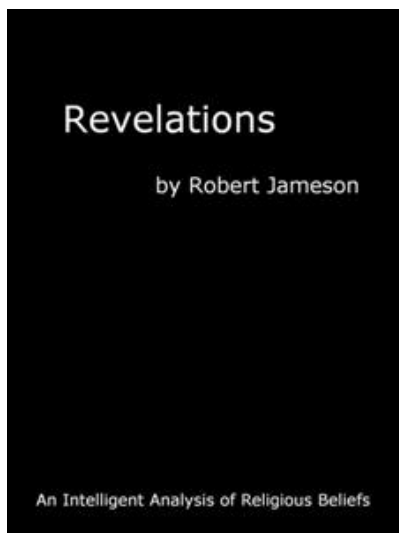


Longer working hours, later retirement, lousy pensions - hardly the life of leisure we were promised for the 21st century! We also have dirty hospitals, troops without proper equipment and schools that provide an appalling standard of education. So what went wrong and what can we do about it?

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Revelations: An Intelligent Analysis of Religious Beliefs

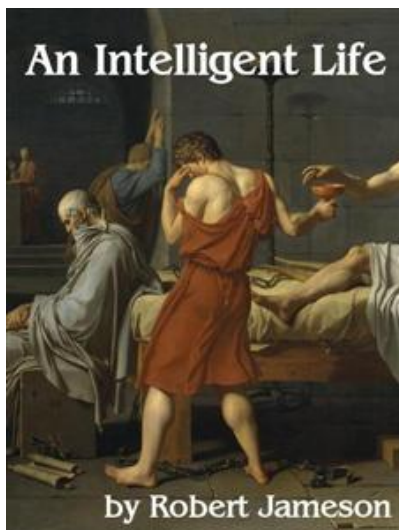


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