# Kuliah III - Pasar dan Pemerintah dalam Perekonomian Modern

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# Pertanyaan kuis

- Apa itu ilmu ekonomi?
- Apa yang dikaji dalam ekonomi mikro dan ekonomi makro?
- Apa PPF?
- Uraikan 3 pertanyaan mendasar tentang ekonomi

# Apa pasar dan apa mekanisme pasar?

- Not chaos and economic disorder

### The Market Mechanism

A market economy is an elaborate mechanism for coordinating people, activities, and businesses through a system of prices and markets. It is a communication device for pooling the knowledge and actions of billions of diverse individuals. Without central intelligence or computation, it solves problems of production and distribution involving billions of unknown variables and relations, problems that are far beyond the reach of even today's fastest supercomputer. Nobody designed the market, yet it functions remarkably well. *In a market economy, no single individual or organization is responsible for production, consumption, distribution, and pricing.*

# Market Equilibrum

**Market Equilibrium.** At every moment, some people are buying while others are selling; firms are inventing new products while governments are passing laws to regulate old ones; foreign companies are opening plants in America while American firms are selling their products abroad. Yet in the midst of all this turmoil, markets are constantly solving the *what, how,* and *for whom.* As they balance all the forces operating on the economy, markets are finding a **market equilibrium of supply and demand.**

# How market solves 3 economic problems

By matching sellers and buyers (supply and demand) in each market, a market economy simultaneously solves the three problems of *what, how,* and *for whom.* Here is an outline of a market equilibrium:

1. *What* goods and services will be produced is determined by the dollar votes of consumers—not every 2 or 4 years at the polls, but in their daily purchase decisions. The money that they pay into businesses' cash registers ultimately provides the payrolls, rents, and dividends that consumers, as employees, receive as income.

PROFITS

# How market solves 3 economic problems

2. *How* things are produced is determined by the competition among different producers. The best way for producers to meet price competition and maximize profits is to keep costs at a minimum by adopting the most efficient methods of production. Sometimes change is incremental and consists of little more than tinkering with the machinery or adjusting the input mix to gain a cost advantage, which can be very important in a competitive market. At other times there are drastic shifts in technology, as with steam engines displacing horses because steam was cheaper per unit of useful work, or airplanes replacing railroads as the most efficient mode for long-distance travel. Right now we are in the midst of just such a transition to a radically different technology, with computers replacing typewriters, paper, and many white-collar workers.

# How market solves 3 economic problems

3. *For whom* things are produced—who is consuming, and how much—depends, in large part, on the supply and demand in the markets for factors of production. Factor markets (i.e., markets for factors of production) determine wage rates, land rents, interest rates, and profits. Such prices are called *factor prices*. The same person may receive wages from a job, dividends from stocks, interest from a certificate of deposit, and rent from a piece of property. By adding up all the revenues from factors, we can calculate the person's market income. The distribution of income among the population is thus determined by the amounts of factors (person-hours, acres, etc.) owned and the prices of the factors (wage rates, land rents, etc.).

# Invisible hand

Every individual endeavors to employ his capital so that its produce may be of greatest value. He generally neither intends to promote the public interest, nor knows how much he is promoting it. He intends only his own security, only his own gain. And he is in this led by an invisible hand to promote an end which was no part of his intention. By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it.[1]

Market failures and externalities

## C. THE ECONOMIC ROLE OF GOVERNMENT

governments have three main economic functions in a market economy. These functions are increasing efficiency, promoting equity, and fostering macroeconomic stability and growth.

1. Governments increase *efficiency* by promoting competition, curbing externalities like pollution, and providing public goods.
2. Governments promote *equity* by using tax and expenditure programs to redistribute income toward particular groups.
3. Governments foster *macroeconomic stability and growth*—reducing unemployment and inflation while encouraging economic growth—through fiscal policy and monetary regulation.

Transaksi ekonomi tanpa pembayaran atau pemberian imbalan/ganti rugi

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