

Foundational Axioms of Academic Economics

- These are the foundational axioms
- within which academic teaching presents all further economic principles and
 - upon which academic economists base and build all further economic thought.

IMPORTANT NOTE: No actual overall or single agreed upon primary basic theory of economics exists in academic economics, only the 'axiomatic structural picture' given below. Note the attempt to string together recognized phenomena into a base upon which to format or present all further understanding.

1 AXIOM ONE:

Every populated geographical area has productive **resources** - **natural, human, and capital** - which are utilized to produce the products and services required to serve the needs and wants of its populace.

This establishes the '**NEED OF RESOURCES**' and '**PRODUCTION OF PRODUCTS AND SERVICES**' as fundamental economic principles.

2 AXIOM TWO:

However, since resources are always finite, and human material wants and desires are always infinite, resources are always considered '**scarce**' by comparison.

This establishes the concept of '**SCARCITY OF RESOURCES**' as a fundamental economic principle.

3 AXIOM THREE:

Since resources are always considered scarce, humans have to make determinations – '**choices**' – of how to handle three basic questions:

- **What products and services will be produced?**
- **How will those products and services be produced?**
- **Who will consume those products and services?**

This establishes the concepts of '**HUMAN CHOICES**' and the '**THREE BASIC QUESTIONS**' as fundamental economic principles.

4 AXIOM FOUR:

Further, as a result of the '**scarcity**' of resources, every time a choice is made to expend a resource on one thing, it is considered that some other alternative thing that could have been done with that resource has to be given up – to do or have the one thing **costs the opportunity** to do or have the other thing – a **trade-off** has to be made to forgo one thing in order to do or have the other.

This establishes the concept of '**OPPORTUNITY COST**', also known as '**TRADE OFF**', as a fundamental economic principle.

5 AXIOM FIVE:

Managing and dealing with **scarce resources**, the **three basic questions** and determining **trade-offs** in the economically **productive** activities of a real life populace creates the need for an **economic system** [which is usually 'centralized' (aka 'command') or 'decentralized' (aka 'market') or a 'combination' of the two].

This establishes the need for '**ECONOMIC SYSTEMS**' as a fundamental economic principle.

6 AXIOM SIX:

The concern of economics, and therefore economic systems, is to ensure that every geographic population makes the best choices on how to most effectively utilize its limited productive resources to best serve the needs and wants of that populace.

This establishes the need for '**GOVERNANCE**' as a fundamental economic principle.

The 'MANAGEMENT TOOLS' of academic economics:

[Note most of these are *our Derivative Operating Dynamics*.]

Supply

Demand

'Price Elasticity Demand'

Pricing

Market Equilibrium

Division of Labor
(includes Specialization)

Absolute Advantage

Comparative Advantage

Cyclic Flows of Currency

Scarcity of Resources

Competitive Markets

Risk Management

Profit Maximization

Establishment of Currency

Capitalism
(really 'capitalizing')

Central Banking

Use of Economic Models
and
Scientific Method
Researching / Reasoning
(to show and determine standard
economic causes and effects)

For a chart of
Productivity Class
Economic
Operating Dynamics
see
GAINbook.info
or
ProductivityClass.info

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**The Dynamics of
Successful Economic
Outcome**
