

Unit two : Economic Agents .

1_ introduction:

In economic people organisation and governments make decisions about using scarce resources the actors who take part in these decisions are called economic agents. They influence how goods and services are produced distributed and consumed in an economy .

2_ Definition:

The economics agents are individuals, groups or institutions that make economic decisions and take actions such as buying, selling, producing , regulating .

3_ Main types of Economic Agents :

- house holds : (consumers) : they buy goods and services to satisfy needs and wants , and provides factors of production (like labor) to firms . Ex: families buying groceries or paying for electricity.
- Firms : (producers / businesses) : they produce goods and services, aim to make profit by combining resources (land , labor , capital , Entrepreneurship) . Ex: a bakery making bread or a factory producing cars .
- Government (public sector) : regulates and oversees economy , provides public goods (roads , schools , health care) , collect taxes and redistribute incomes . Ex : government funding free education.

4_ role of Economic Agents :

_ households: consume , save , supply labor .

_ firms : invest , produce , create jobs .

_ government: stabilises the economy ensures fairness and provides essential services.

5_ Interaction between economic agents:

_ Households work for firms and buy their products .

_ Firms pay wages to households and pay taxes to the government .

_ The government provides services to both households and firms .

- This interaction creates a circular flow of incomes in the economy .